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WEST EUROPE REPORT

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OPINIONS ON PROPOSED LEGISLATION FOR REPENTANT MAFIOSI

Rome IL BORGHESE in Italian 1 Jan 84 pp 10-11

[Article by Francesco D. Caridi: "The Mafioso Does Not Repent: He Takes Revenge"; Interview with Giuliano Vassalli, Raffaele Bertone, Giuseppe Tuccio, Elio Risicato and Giuseppe Niccolai]

[Text] Repentance is the continuation of the same offense. This axiom takes on validity when referring to the ideological pronouncements and confessions of terrorists, without in any way detracting from their role: this is particularly so when referring to depositions made by mafiosi.

Mention has been made of the possibility of including mafiosi who "collaborate" with the police and the judiciary in "pro tempore" legal norm used in the past in connection with terrorists who cooperated with the authorities. "Il Borghese has interviewed authoritative representatives of the political and judiciary world on this hotly debated item. Below are the complete texts of their statements. From them it is possible to visualize, among other considerations, the inherent peril of so-called "prize" legislation drawn up for mafia repentants.

Giuliano Vassalli, PSI [Italian Socialist Party] member, head of the Senate Judiciary Committee: "On this subject, several statements have already been made by judicial officials as well as high political officials at the Ministry of Foreign Affairs and the Ministry of Justice. This fact alone is sufficient to view the bill on the repentant mafiosi as a serious effort among others, because there is no doubt the famous law on repentant terrorists of May 1982 came from the same sources, namely the police and the magistrate. The law lapsed in January 1983 and it did provide significant results against terrorism. However, one should not be under the illusion that the situations are the same."

"For this new legislative bill aimed at so-called mafia 'repentants', namely 'collaborators' who work with the justice and police departments drawn from the ranks of the mafia, a degree of circumspection is required; it will have to be handled with even more attention than the law for repentant terrorists, which, as can be recalled, was the cause of several controversies and uncertainties."

"Questions arise not only on the 'moralistic plain' as it has been called, or even on the 'procedural morality' level, but also surface when concerning the rationality of such a reform as well as the utility of the results brought about. I believe it isn't unreasonable to think that mafia 'repentants' are much rarer than the 'repentants' or 'estranged' members of the terrorist gangs. In addition, the mechanism by which one leaves the mafia is not a readily credible one, because leaving or disassociating oneself from a group is an ideological phenomenon rooted in the personal experience of armed conflict that has failed, and is recognized as such. The 'disassociated ones' are a category all their own and exist only in connection with terrorism. In the case of mafia members though, one can only talk of 'collaborators'. The law should only take into consideration acts of collaboration with the police and justice departments for certain specific ends. I believe that cases involving mafia 'repentants' are much rarer than those involved in terrorism because, among others, in the latter there is a collapse of a specific ideology, or at least the collapse of the methodology for implementing ones' ideological credo, while for mafiosi, clearly, the ends encompass only gain, arrogance and violence."

"There is something to consider: the danger incurred by 'collaborators' from the ranks of the mafia cannot be minimized: death, carried out by other members of the mafia would almost be assured; and even if they managed to resettle elsewhere or if they were adequately protected, the persecution, reprisal and the revenge directed against relatives would almost be assured. Does the country have the moral stamina and above all the means to protect these eventual 'collaborators', their families, to prevent horrible attempts on peoples' lives and murders from taking place? When the government makes promises in this field, it cannot limit its promises only to immunity or sentence reduction, but must do much more. It should focus on a truly effective program of protection which should also include family members of the 'collaborators'. This gives rise to even more problems."

"The third consideration, which is easily identifiable, is that mafia collaboration with the authorities might give rise to procedural difficulties and all kinds of inquiries. They could become involved in power struggles: let us not forget the fights between the mafia and the camorra gangs. False or partially false confessions as well as accusations of complicity could be used to damage one's adversaries. The magistrature could end up becoming totally entangled in an investigation of great complexity or even become an unsuspecting instrument of certain specific gangs, of certain mafia designs."

Thus, there are several questions yet to be answered regarding a law for "repentant" mafia members. Nevertheless, I believe it could be useful: I could see it as a temporary law to be used as an experiment to see if it really yields desired results. However, these results should not consist only of uncovering mafia or camorra members who are already more or less well known to the authorities. The "collaborators" should contribute in an effective manner to the discovery of mafia and outlaw hideouts, of drug refineries located in our territory, of locations and key centers of drug trafficking, of data-gathering capabilities and methods for transshipment

of these controlled substances. Thus what I say is this: do go ahead and formulate a law, but one that leads to a truly fruitful collaboration, one that yields tangible, solid results, not uncertain, nebulous albeit sometimes interesting accusations of complicity."

Raffaele Bertone, member of the Magistrate Superior Council: "I am not in favor of including mafia 'repentants' under the law originally instituted for terrorist 'repentants.' At this moment we are noticing a widespread devastating phenomenon taking place in Campania, in Calabria and to a lesser extent in Sicily: many people with mafia backgrounds are now talking, talking of events that took place in the past, so much so that authorities are reopening some murder and very serious cases that otherwise would have remained dormant."

"Yes, true enough, this is a reality. However, I doubt that this is the kind of situation that should offer a 'prize' for those who confess. The fact that they are now talking in the absence of a law that allows them immunity demonstrates that the law is not really needed. Also one must take into account that the motivation behind ones' desire to talk is not linked to ideological factors, as it is with terrorists, but has to do with the factor of vengeance. This motivation does not justify a 'prize' legislative bill."

"A law for mafia 'repentants' would be extremely dangerous for judges, given the risks they would have to face in evaluating evidence. Colleagues of mine who are involved in trials of mafia suspects are favorably inclined toward this new legislation, as they hope for a increase in the phenomenon of 'repentance.' I doubt their hopes have any foundation. A 'prize' legislation would not yield greater results than those achieved today, which are more prevalent than is widely suspected."

Giuseppe Tuccio, District Attorney for Palmi: "The different motivations that relate to terrorist organizations with respect to those of the mafia are so diametrically opposed that there is no possibility of validating the so-called 'prize' legislation mechanism to include the mafia. I believe that a repentant terrorist's rejection of his ideals may in some cases follow a certain understandable logic, which is definitely not the case for a mafioso. The mafioso as such, never repents: he continuously makes use of the state apparatus, with all its divergencies and imperfect mechanisms at the production level, providing the mafioso with a never ending source of enrichment."

"Having said that, however, and viewing the customary level of normative instruments presently in force, namely the various clauses for reduction in penalties, I cannot exclude the possibility of allowing a specific option aimed at achieving a concrete contribution after obtaining assurances for specific responsibilities."

"I underline however that this 'prize' legislation is to be envisioned as a complementary one and at an absolutely lower level than the present legislation being used in the struggle against the mafia."

"This demolishes the aspirations of those at the Ministry of Internal Affairs who had envisioned being able to solve, on an equal footing, the mafia question, placing trust in negotiations with the mafia, which would make use of its supposed 'repentants.'"

Elio Risicato, Local Judge on Temporary Leave, Independent Deputy of the Left, Sicilian Regional Assembly: "To speak of a law for 'repentants' of the mafia is a serious error that does not take into account the nature of the phenomenon of the mafia itself or the mentality of members of a mafia gang. I do not at all believe that a mafioso can ever repent. He might give tip-offs, tattle on other mafia gangs as part of the continuous war between mafia clans, but under no circumstances will he repent. The few who attempted to extricate themselves from the mafia have been eliminated."

"On the other hand, one also has to consider the fact that the reduction of sentences provided for by the exceptional legislation for 'repentants' is not easily accepted in a legal state where legal rights are the norm, because they discriminate against its citizens and thus are of dubious constitutional legitimacy. Moreover, the process also gives rise to serious moral problems as the polemics of the 'Tobagi' case amply confirm."

"Either on one hand the norm for repentants should be an instrument for exceptional usage, with definite time limitations, driven by state priorities (as was the case with the struggle against terrorism), or, on the other hand, the norm should be considered a general extenuating ruling that affects all those who collaborate with the Justice Department, within a given framework, avoiding excessive reductions of sentences. On the whole however, I am contrary to the proposed legislative bill."

Giuseppe Nicolai, lawyer, National Director of the Italian Social Movement [MSI]: "To equate terrorism to mafia, placing them on the same level is absurd. The bill for the 'repentants' would mean difficulties above all for the judges, whose task is to reach the truth: when does the 'repentant' mafioso tell the truth? A mafia clan could use a 'repentant' member to further its own goals and to accuse its adversaries. A terribly convoluted entanglement would result, with the whole collective as well as the Justice Department paying the full price."

9209
CSO: 3528/46

SPECULATION PERSISTS ON CP LEADERSHIP CHANGES AT CONGRESS

Helsinki UUSI SUOMI in Finnish 25 Jan 84 p 9

[Commentary by Ilkka Juva]

[Text] Aarne Saarinen is proposing that Arvo Aalto replace Jouko Kajanoja as chairman of the Finnish Communist Party. And he is serious.

Esko Juhani Tennila proposed that Veikko Saarto replace Aalto as general secretary, but did not mean it.

Kajanoja is vacationing free of concerns in the south since he is not being asked very much. Besides, two alternative posts have been made ready for him if he loses the chairmanship.

There still are no firm answers to the questions being raised by the SKP's congress in the spring. Tennila was certainly not speaking on behalf of Saarto as a private individual. However, he did not mean what he said. The Sinisalo minority in the background behind Tennila is ready to promote the cooperative Saarto to the position of chairman in place of Kajanoja, but it cannot say this directly. This would be an expression of a lack of confidence in Kajanoja, whom the Taistoites have supported.

However, the minority is not rejecting Kajanoja. It would like to place him in Aalto's post since the minority's most important objective is the expulsion of Aal'o.

A MP is not elected as general secretary of the SKP. A chairman, on the other hand, should be a member of parliament.

Against this background Saarto would be suitable as chairman and Kajanoja would be suitable as general secretary.

Saarto's answer to Tennila is worthy of attention. He stated that he is not available for the post of general secretary. As far as the chairmanship is concerned, he stated that "he himself is not seeking it". The door is open.

The managing director's post at Yhteistyo Publishing House, which publishes KANSAN UUTISET, became vacant when Erkki Kivimaki became general secretary

of the Finland-USSR Society. It has been decided to fill the position in May, thus after decisions are made at the SKP congress. Thus Kajanoja could even find a job here even though Yhteistyo's managing director could, of course, be Aalto.

In addition to leaders, a policy line will also be chosen in the SKP. The alternatives are the preservation of the status quo with a Taistoite emphasis or the withdrawal of the Taistoites into their own party. It is being rumored that, if necessary, this solution will also have the support of the great fraternal party. The realization of the former alternative, for its part, could result in the resignation of Aalto and his followers with the help of the SKDL [Finnish People's Democratic League].

Whatever happens will probably be resolved along the lines of the selection of representatives to the congress. It has been agreed among the factions that the traditional power relationships between the majority and minority circles are 195--150. The minority, Saarto, and Kajanoja need only to break 23 representatives away from the ranks of the majority in order to control the congress. Thus it is no wonder that retired politician Aarne Saarinen has been drafted to save the majority.

The SKP's decisions are yet to be made. There is now only a thought pattern. However, the positions point to the fact there will be no need to wait long for the real decisions.

10576
CSO: 3617/90

COMMUNIST PROGRAM FOR COUNTRY INCREASINGLY OUT OF TOUCH

Helsinki UUSI SUOMI in Finnish 21 Jan 84 p 2

[Commentary by Pentti Poukka]

[Text] "SKP [Finnish Communist Party] theoreticians who see red dreams about a future Finland have embarked on a dangerous and heretical path."

Imagine the kind of future Finland there would be if the Finnish Communist Party could arrange this in accordance with its intentions. I believe that you would imagine wrong. It would in fact be "above all a democratic society based on the actual and diverse input of the people".

In question is not any kind of loose and unattributable quote, but an excerpt from the theses of the SKP's program work group (Thesis No 55), which have been submitted as the subject of debate for organizational consideration in the renewal of the party program. There is sufficient reading from this political poem of 67 theses even for interested parties outside of the party. I believe that the work group has experienced the joy of a creative work. It must in any case be given praise for the fact that it has introduced something other than incessant personal issues and scandalous politics into the political debate.

Behind a Curtain of Words

The work group has also deliberated how this future Finland will actually be brought about: "It is probable that the necessary fundamental changes will have to be accomplished as a long-term or short-term process depending on the conditions and the political situation, which, however, is not the conventional way of accomplishing social reform." This is how the SKP's program work group has thought out this issue.

The uninformed person may think that not much can be made clear from this statement. In fact, it is already evident that the necessary fundamental changes will hardly turn out to be of medium length since the probability is that they will be long-term or short-term. Naturally, the length of the process will depend on conditions and the political situation, as the work group confirms.

However, such a process is not the customary way of accomplishing social reform. Even this can be guessed. "It is a question of a democratic change, a new kind of democracy, a profoundly democratic and revolutionary process," states the work group. Translated into ordinary language, it is not a question of democracy as we now understand it, but of revolution.

New Language

Thus the SKP's program work group was forced to go to great lengths to cultivate its own new language in order to conceal a perfectly simple and clear issue. The SKP is striving toward a revolution which is not any kind of customary social reform. It is also striving toward a completely new and profound democracy about which certainly nothing concrete is known except that it is not what we consider to be a democracy in present-day Finland.

Even from this one, indeed important, thesis it becomes sufficiently evident that the SKP's program work group has not invented anything new or earth-shaking in the practical program of Communists. In this scheme of things a future Finland will be "above all democratic," but it will be a question of "a new kind of democracy, a profoundly democratic Finland".

To my regret I must confirm that the theses are, for the most part, a verbal smoke screen covering up old ideas. It is, however, interesting to observe that the SKP's thinkers have been placed in a serious and perplexing situation in attempting in some way to explain the difference between wage work and wage work. It will not succeed. The end of Thesis No 37 even states: "The actual bourgeoisie makes up an insignificantly small proportion of the people."

Theory and Belief

The explanation of Marxism (Thesis No 63) is especially interesting. "In its actions the SKP depends on scientific socialism, the lasting foundation developed by Marx, Engels, and Lenin. This does not mean that Marxism is some kind of a ready-made and problem-free formula; on the contrary, Marxism is a theory which is open to experimentation. The premise is the scientific nature of scientific socialism." So imprudently the boys have thundered.

Thus the SKP's ideologists want to say that Marxist theory is the same as any theory developed in scientific research. It is always open to observations on the validity of the theory gained from past experience. According to this, Marxist theory could be rejected at any time and a completely different theory could be approved as the basis of scientific socialism and also the doctrines of the SKP.

In the history of science there have been many examples of theories which have been rejected when a new theory refuting the previous one has been invented. Without a doubt, keeping such a possibility perpetually in mind is, indeed, part of the nature of scientific theory. In scientific thinking one must always be ready to change a theory and to reject it completely. Theory must never become an article of faith, dogma, or a final truth. But Marxism

in the opinion of the Marxists is a final truth, only individual points can be debated.

Heresy

Indeed, Karl Marx himself stated in the preface of the first edition of Capital: "I welcome any kind of scientific criticism". But he believed that he found the ultimate laws which control the development of all human communities in all their phases, naturally in Finland in 1984 also.

The SKP's theoreticians who see red dreams about a future Finland have embarked on a dangerous and heretical path. Marx considered his theories to be scientific and he also aspired to social research, for example, based on the available primitive statistical data. But that political movement which was derived and is based on Marxist theory believes in this theory, it no longer has any alternative.

Scientific socialism says that it is scientific since it considers Marx's theory to be scientific. But if, on the other hand, a scientific nature is established as the basis of a political movement, one must always be prepared to reject an approved theory -- thus also to reject Marxist theory.

I would recommend an immediate rejection.

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KOIVISTO RETAINS POPULARITY FOLLOWING ATTACK ON PRESS

Helsinki UUSI SUOMI in Finnish 27 Jan 84 p 6

[Article by Jyrki Haikonen: "Koivisto's Marks Still at 8-9 Level"]

[Text] The people are satisfied with the manner in which President Mauno Koivisto is performing his job. After 2 years in office the president received an average approval rating that is a couple decimal points higher than a year ago.

The "301 electors" of UUSI SUOMI's opinion poll, conducted for the second time, or statistically representative respondents have changed their opinions only slightly with respect to some issues.

Apparently, the president's grasp of issues has become even slightly stronger in the opinion of the respondents. On the other hand, his personal characteristics seem to have fallen off slightly in the ratings.

The average ratings for all categories was 8.37 last year, 8.39 this year. The poll reveals that the Finns' perception of President Koivisto has reasonably stabilized.

The poll was conducted by Taloustutkimus Oy [Economic Research, Inc.].

Conduct 9+

The president receives a mark of nine for conduct and considerateness in the manner of a good pupil. Patriotism makes up the third mark reaching a rating of nine. All the other thirteen subjects are given marks of around eight.

The president is by no means given too poor of a rating. A year ago the rating for his attitude toward unemployment was 7.5. Now even it has risen to an 8-minus. Indeed, the change is next to nothing. The decimal difference is very small, from 7.61 to 7.63.

Average Values Into Numbers

The respondents to the telephone interview gave their ratings in the form of report card marks, in rounded off numbers, from which the mean values were

calculated. These mean values were converted into the equivalents of school marks by the editorial office. For example, for conduct he received a 9.21, which would be a 9+ in a report card.

A year ago he received a 9.34 mark for conduct so that there was a slight drop this year. Even this change cannot be considered to be great and the statistical margin for error must also be taken into consideration.

The mean value for patriotism went up from 8.67 to 8.77. The leadership and grasp of foreign policy is also somewhat higher, from 8.30 last year to 8.39 this year.

His appointment policy is seen to be better than before, 8.00 instead of the previous 7.82. His attitude toward national defense is now correspondingly 8.37, last year it was 8.23.

Training Period Over

The changes are small so that there is no reason to draw any significant conclusions. However, it is apparent that the people have become assured that Koivisto is secure in his job. The first year was a period of familiarization; now the trend is already evident.

This idea is even supported by the fact that the president received a clearly better mark than last year for his supervision of officials and their jobs, 8.14 (7.84 last year). His accusatory speech, for example, was probably on the respondents' minds.

Hold on the Government

His hold on the government is now given an average rating of 8.12 and there is really no change from the previous year (8.08). Economic policy opinions were translated into a mark of 8.36 (8.25) and he received a somewhat lower mark 8.16 (8.37) this year for his New Year's radio and tv speech.

In the opinion of the people Koivisto has remained clearly above the political parties as well as above the "courts of the gentry". The rating as far as the parties are concerned is 8.45 (8.35) and as far as the courts are concerned it is 8.35 (8.12).

Public Performance Rating Drops

The categories depicting the president's personal characteristics have dropped somewhat: his public performance ability is now 8.41, a year ago it was 8.74. Correspondingly, his ability to make independent judgments is now 8.54 (8.63), and his negotiating skill receives a mark of 8.32 (8.44).

It is, of course, difficult to say what these small changes reflect. Perhaps they are the result of the public debates concerning some of Koivisto's measures and speeches in the fall and early winter.

South More Critical

The residents of Southern Finland have adopted a somewhat more critical attitude toward the president than residents in other parts of Finland. This can also be observed in the fact that the residents of rural communities give the president higher marks than those living in urban areas.

Older respondents -- over 50 years of age -- have adopted a more positive attitude than those in the younger age groups.

Women seem to give Koivisto higher marks across the board than men. This is a familiar phenomenon from even other opinion polls.

The Question

The question in this second opinion poll was as follows; "On 27 January President Koivisto will be in office exactly 2 years. I would like you to evaluate his first 2 years in office with respect to certain categories. In your evaluations please use the familiar report card marks from four to ten, in which four is poor and ten is excellent."

After this, the interviewer listed the subjects of the "report card".

The respondent was also asked for messages or wishes for the president.

Interview by Telephone

Taloustutkimus Oy conducted the poll in the form of a telephone interview between the dates of 19--23 January 1984. The interview was conducted by 18 research interviewers from the research institute.

The respondent sampling was compiled on the basis of fixed quotas selected at even intervals from the telephone directory. The quotas for the sampling were fixed according to residential area, type of community, age, and sex on the basis of the population over 18 years of age.

"One Should Not Take Offense at the Press"

The wish was expressed that President Koivisto would improve his relations with the press. This became evident from the open question in the poll, in which the respondent was requested to send a message or wishes to the president with respect to the current year.

"I wish that he would have a positive attitude toward journalists, they also have a job to do," points out one respondent. "Freedom of the press," notes another concisely. "There is no need to intervene so seriously in matters of the press," stated another.

"The press issue could have been handled more delicately -- the press is like a country, it also has its own prestige." "One should get along with the 'lemmings'."

"One should not be so easily offended, for example, by statements from the press." "Stop the petty bickering with the press, one's image become damaged, a more direct approach toward issues would be better."

Unemployment Reason for Concern

However, relations with the press did not generate the most messages and wishes, but unemployment -- as was also the case last year.

Citizens expressed the wish that the president could in some way help to reduce unemployment. Indeed, those who sent the president a message about unemployment could also at the same time have given him a rather good mark for his attitude toward unemployment so that the issue is considered to be one of more general concern.

"Does Manu know that there are unemployed people in Finland?" cries out one. "If only unemployment could be eliminated." "He should take care of unemployment." "The president should become involved in the fight against unemployment."

Do Not Become Distant

Many sent the president their best wishes and personal greetings:

"There is reason to wish good health to one who is a sexagenarian." "Manu, do not change, keep your warmth and humaneness, keep the cause of peace in mind in the future also."

Many wish for a better public image. "Public performance ability should be better, conduct at large public events is below standard." "More public appearances." "Do not become distant, Manu, be like you were."

Satisfied

The largest number of expressions of hopes and greetings came from those answers in which it was hoped the president would continue to perform his duties as before and in which satisfaction was expressed with his performance so far. Foreign policy was given surprisingly little consideration considering that its management is the president's primary obligation. Many mentioned the Nordic nuclear free zone also and emphasized its significance.

"Vayrynen should be kept in line," points out one respondent. "Business opportunities should be improved." "Funds for national defense." "The Lapps should be remembered," states one respondent from the north. "26 pardons for civilian workers."

Clarity

There were also a few respondents who wanted more explicit speeches from the president:

"He should think things out before speaking in public so that there would not be any ambiguity." Answers should be understandable, they should not be so general." "Opinions could be presented with greater clarity." "Learn to speak in such a way that it cannot be misinterpreted."

"Clear opinions." "No letters that are cranked out of the mill."

That is all.

10576
CSO: 3617/90

PCP CENTRAL COMMITTEE COMMUNIQUE CALLS FOR NEW GOVERNMENT POLICIES

Lisbon AVANTE in Portuguese 2 Feb 84 p 3

[Text] Portuguese Communist Party Press Conference

During a press conference held between meetings of the PCP [Portuguese Communist Party] Central Committee last Monday, Comrade Octavio Pato, member, Political Commission and PCP Central Committee Secretariat, presented the meeting's main conclusions, especially the question facing the democratic forces "in terms of quickly finding a candidate capable of defeating the Right, that is to say, a candidate capable of winning broad social and voter support similar to the one that the current president of the republic had in 1980." He was joined at the head table by comrades Jose Soeiro, of the Central Committee's Political Commission, and Aurelio Santos and Rosa Rabiais, both of the PCP Central Committee.

Starting with a statement to the effect that the PCP Central Committee noted the full confirmation of the conclusions and guidelines of the Tenth Congress, "specifically, the development of conditions for a democratic alternative," Octavio Pato emphasized that the PS/PSD [Socialist Party/Social Democratic Party] administration, according to the estimate prepared by the Central Committee meeting, "is a threat to democracy and national independence"; reviewing the 6 months of this administration, we find an accentuation in the serious economic and social crisis, in the grant of high benefits to big capital, in the restriction on liberties, and in Portugal's growing subordination to the interests of imperialism.

Taking up this administration's policy in greater detail--characterized, as it is, by economic and social disaster--Octavio Pato recalled that "hunger strikes thousands of families, unemployment is up, real wages declined 13 percent in 1983, the number of workers whose wage payments are in arrears keeps growing, the rate of inflation--which reached 34 percent (between December 1982 and December 1983)--has exceeded all bounds, and the heavy tax burden seriously hits the workers and other social strata."

According to the PCP Central Committee, "this policy is accompanied by growing restrictions on freedoms, an increase in the number of police operations against the struggling workers." In the meantime, "the police forces are beefed up. The three intelligence services which have been planned present an organizational structure which is entirely turned against the worker movement and the democratic forces.

"The rights of the workers are being systematically violated.

"An anti-strike law is already in the offing."

As for Portuguese foreign policy, it has been transformed into an appendix of American interests, with the administration cooperating in American undertakings against the young African states and making concessions to the United States on military matters which "restrict national sovereignty and threaten Portugal's very existence."

New Policy, New Administration

According to the PCP Central Committee "the prospects for a real democratic alternative are developing" and the social, political, and voting isolation of the PS/PSD coalition is becoming more and more accentuated, as broad democratic and patriotic sectors demand a new policy and a new administration.

In this context one must recall the platform of "five essential objectives" that was approved by the Tenth Congress and that is a contribution to the joint examination, by the democratic forces, of the broad outlines of a new policy to be carried out by a democratic administration.

On the other hand, "nobody doubts that the current administration will leave the country in an even more profound crisis situation which will demand emergency measures," thus confirming the correctness of the PCP's proposal for a Democratic Government of National Salvation, since it is "the duty of all democrats and patriots, regardless of their party affiliation, to make such a government viable."

Presidential Elections and Mass Struggle

Concerning the coming 1985 presidential elections, "which increasingly influence the political situation," the PCP Central Committee observed that "the right-wing forces are working hard to elect a president of the republic who will have their confidence--certain public opinion surveys are aimed at these objectives--in an effort to promote or bar candidates, claiming that certain candidates have or do not have any chances and seeking already to influence public opinion."

On the other hand it was found "that the slowness with which the democratic camp is considering the issue of the presidential elections is extremely dangerous, as is the idea of putting up a candidate who has no chance of winning"; this is why the democratic forces face the problem of rapidly finding a candidate capable of defeating the Right.

The mass struggle is also considered "as an essential and decisive force of resistance to the restoration of the monopolies and the fundamental basis of a democratic alternative"; the 10th anniversary of the April Revolution will hold a very decisive place in the nation's political life and "its commemorations must not fail to be marked by vast mass actions in defense of the ideas of April and for the unity of democrats interested in continuing April."

PCP Central Committee Communiqué

New Policy, New Administration--Popular Demand, Urgent National Need

Meeting on 30 January to examine the nation's political situation and the party's tasks, the PCP Central Committee concluded that the analysis and the guidelines of the Tenth Congress are about to be fully confirmed by the facts, specifically, by the development of conditions for a democratic alternative.

The struggles of the workers, carried out already since the Congress, especially in connection with the National Rally of 26, 27, and 28 January, stand out among these conditions by virtue of their broad and united character and because of the great fighting spirit they express.

The rally, which included highly diverse actions, such as strikes, shutdowns, gatherings, general meetings, briefing initiatives, and the great demonstrations on 28 January, brought many hundreds of thousands of Portuguese together in a huge protest against the policy of the administration which is pushing the country toward poverty and which threatens democracy and national independence and this event also brought out the demand for a new policy and a new administration.

I. PS/PSD Government Threatens Democracy and National Independence

A review of the past 6 months of action by the administration of Mario Soares and Mota Pinto points to the accentuation of the serious economic and social crisis, the grant of high benefits to big capital, the restriction of freedoms, and Portugal's growing subordination to the interests of imperialism.

1. Deeper Deterioration of Social Situation

The already difficult living conditions of the popular masses are deteriorating further. Hunger strikes many families. By stepping up the exploitation of the workers, by adopting the policy of the IMF as its own, the administration and big industry and business are increasing unemployment, are pursuing a policy of holding wages down, are depressing real wages (a decline of 13 percent in 1983). Nonpayment of wages is spreading to more and more enterprises, making the situation of about 150,000 workers really serious.

Prices keep rising. The rate of inflation reached 34 percent (December 1983 as compared to December 1982) and has exceeded all bounds. The already announced increase in the price of bread and other essential products, as well as the rise in rents (which can go as high as 300 percent), will make the existence of thousands upon thousands of families even tougher and that applies especially to the lowest-income groups. The further rise in the tax burden to which the workers and other population strata are exposed, especially technical and intellectual management personnel, also accentuates the decline of their living conditions. In 1984, professional tax revenues alone are to go up 27 percent.

The situation of the farmers (small and medium farm owners, tenant farmers and sharecroppers) is worsening seriously as a result of the tremendous rise in production costs, the delay in payment and the nonpayment of subsidies and compensations, the lack of compensatory and guaranteed prices and the failure to ship products out, as well as unnecessary imports and extremely high interest rates and unobtainable loans.

Small businessmen and manufacturers are hard hit by the abrupt drop in sales, by insupportable bank interest rates, and by accentuated loan restrictions, along with an increase in rents, taxes, and license fees, causing great money problems, an increase in inventories, and more and more business failures.

Social benefits have not escaped the fury of this administration. Retirement and disability pensions (increased far below the rate of inflation) are making the life of these strata very difficult. The time intervals for the payment of the family allowance keep growing; prices on a large number of medications keep going up and medications as such are no longer subject to the system of medical-social service sharing. An attempt is being made to raise the retirement age for women from 62 to 65 years.

The basic feature of the social policy pursued by the PS/PSD administration is the reduction of all benefits that have to do with the population's welfare and complete disdain for and insensitivity to the sufferings and difficulties of the Portuguese people.

2. Plunder Crusade and Economic Disaster Continue

In pursuing the policy of capitalist and big landownership recovery, continuing the crusade toward forced centralization, the administration is stepping up the offensive against nationalizations and the Agrarian Reform and the forced transfer of government assets and cooperatives as well as UCP's [Collective Production Units] to the capitalists and the big farmers.

The Agrarian Reform continues to be subjected to destructive attacks (specifically, seizures of assets of the UCP's/cooperatives, reserves, refusal to comply with the rulings of the Supreme Administrative Tribunal, nonpayment by the administration of debts due the UCP's, refusal to audit accounts).

In sabotaging and dismantling the public enterprises, the administration destroyed a production potential that is indispensable to the country's growth, it caused a further deterioration in the economic crisis, it threatens to cause thousands of workers to be unemployed. The administration has decided to terminate GELMAR; it is preparing to put an end to the CPP, to the SRN, the CTM; it is planning the progressive liquidation of EPNC; and ANOP [Portuguese News Agency]; it is selling the assets of SNAPA cheaply; it is promoting the breakup of SNAB; it has resumed the offensive against SETENAVE, and it has just rewarded big capital and the multi-nationals with the coveted cereal crop, sugar scrap and oil crop deal, preparing for the destruction of EPAC, AGA, and IAPO.

The administration is fomenting the old-boy network and nepotism. It is appointing managers for banking, insurance companies, and other public enterprises, as if they were its own game preserves. It is making scandalous grants or loans to big capital. It is cutting in half the amount initially earmarked for the minimum capital to be required for the establishment of private banks; in this way the administration prepared the ground for the establishment of private banks at the expense of public money. There is an accentuated transfer of government functions to big capital, along with the undermining of the action capacity of economic coordination agencies (JNPP [National Beef Products Board], JNV [National Wine Board], etc.). Corruption, speculation, and parasitism are spreading their control over economic activities.

In spite of the economic recession and the sale of about 70 tons of gold worth \$1,000 million (a new gold sales transactions is now being prepared), the foreign debt (in December 1983) should have reached an estimated \$14,500 million (corresponding to about 2,000 million contos).

The temporary decline in the deficit in the current balance of transactions was achieved at the cost of the economic mess, of the ruin of the production machinery, restrictions on the domestic market, an increase in the number of business failures--all of which means that the administration is creating all conditions for an even further deterioration in the economic crisis and in the sufferings and difficulties that strike all nonmonopolist strata.

3. Restrictions on Freedoms

In an effort to contain popular protest and particularly the struggle of the working class, the Mario Soares-Mota Pinto administration is increasingly resorting to intervention by the forces of repression.

Although it has not been in office long, this administration is responsible for 60 percent of all police operations carried out in 1983 against the struggling workers.

The reinforcement of the special police units, the decision to establish three intelligence services with an organizational structure aimed against the worker movement and the democratic forces--these are a serious threat to freedoms and democracy.

Meeting the demands of big business and industry, of the CIP [Portuguese Industry Confederation] and the CCP [expansion unknown] as well as imperialism, the PS/PSD administration is working with determination toward the elimination of the main gains of April in the matter of labor legislation. Following the layoff law, the amendment of the strike law (anti-strike law) is now just around the corner.

Attacks on the freedoms and the rights of the workers are being continued. Labor union activists are being fired and arrested; the workers and their class organizations are being prevented from participating in the government agencies in which they are entitled to participate. The participation of the worker representatives in the management of public enterprises (who to this very day have not yet taken office) is undermined in terms of its content by the law which the Mario Soares-Mota Pinto administration has just published.

The recent publication of the "Charter of Civil Servants and Public Administration Officials," the "package" on the Civil Service, and the anti-autarchic "package"--these are new steps toward the restriction of democracy, freedoms, and rights of the workers and the people.

Systematically violating the rights and guarantees of the worker, the administration, in partnership with the UGT [General Union of Workers], the CIP, the CCP, and CAP [Portuguese Farmers Association], is proposing to institutionalize a dialogue farce through the so-called "Social Coordination Council" which is only aimed at breaking up the organized struggle of the workers.

4. Submission to Imperialism

Portuguese foreign policy has been transformed into a sounding board of United States interests and is absolutely contrary to the national interest and to world peace.

By cooperating with the undertakings of United States imperialism against the Portuguese-speaking African states, by continuing to permit counter-revolutionary activities against those countries on national territory, carried out, as they are, by small puppet groups, the PS/PSD administration is becoming the accomplice of the aggression of which those states are victims and seriously harms national interests and relationships of friendship and cooperation with those countries.

The concessions which the PS/PSD administration has just made to the United States concerning the renegotiation of the Lajes accord are making Portugal even more dependent militarily on imperialism, are tying Portugal even more closely to the policy of provocation and aggression of American imperialism and of the most reactionary circles of NATO. Mario Soares and Mota Pinto are getting ready for new and more dangerous concessions to NATO and to the United States, in Porto Santo and on the Continent (military facilities on various basis, especially in Beja, construction of a satellite and missile tracking station, at Foia, Aljarve, repair for ships of the Sixth Fleet, entry and regular stay of atomic submarines, carrying nuclear weapons, in the Tejo [River]--facilities which, if some were retained and if others were to be built, would seriously restrict national sovereignty, threatening the life of the Portuguese and being capable of leading to Portugal's complete destruction.

II. Boosting Conditions for Democratic Alternative

The PS/PSD administration's disastrous action is making resistance to the policy of capitalist recovery more acute and more generalized not only on the part of the working class and the workers but also on the part of small and medium farmers, businessmen and manufacturers, intellectuals, and vast sectors among technical management personnel.

While the resignation and replacement of the current administration are beginning to look more and more like an urgent necessity for the country and the democratic system, conditions are developing which confirm the perspective opened up by the Tenth Congress of the PCP regarding the real possibility for a democratic alternative.

1. Reducing the Administration's Base of Support

The broadening of the social front of resistance to government policy and the social isolation of the administration as a strict defender of the interests of big capital and big estates is one of the most characteristic aspects of the evolution of the situation after the Tenth Congress.

The lack of correspondence between the position of the social forces and the partisan forces is continuing to grow.

The inadequacy of the current party framework and the need for and urgency of an alternative in this last period of time have become a conclusion on which vast sectors of democratic public opinion agree.

The facts also indicate that it is not only the base of social support of the parties in power which keeps shrinking faster and faster but also their political and voter base.

2. Aggravation of Contradictions and Conflicts within Coalition

Along with the confirmation of the real inability of the PS/PSD administration's inability to solve any of the big national problems and while the struggle against its policy is being stepped up, there is also a further aggravation in the contradictions, conflicts, and rivalries within the administration, within the ruling coalition, and in each of the parties constituting it.

The reciprocal charges and the many threats of a breakup which have reached the public concerning the voting in the Assembly of the Republic on bills having to do with the decriminalization of abortion, as well as the implications of this important social issue, are also a significant symptom of the frailty of the coalition and confirm the existence of difficulties that are more widespread and more difficult to overcome.

The successive postponement, over almost 2 months, of the announced ministerial reorganization, in spite of the large number of resignations of secretaries of state and the clamor within the parties in power for the resignation of some ministers, is further proof of these difficulties and does indeed confirm that the leaders of the coalition--M. Soares and M. Pinto--are afraid of getting their hands into a structure with a rather unsteady balance.

The approach of the PPD [Popular Democratic Party] Congress and, specifically, the possibility that it might come up with a candidate for the presidency of the republic, cannot fail to corrode the coalition and destabilize an administration that was put together by its prime minister to a good extent with the support of his team in Belem. It would be a naive illusion to hope that the administration would fall only as a result of its own internal difficulties and conflicts. But it would be a case of serious political blindness not to understand that these difficulties and conflicts promote and facilitate the struggle for the resignation and replacement of the PS/PSD administration.

3. New Policy, New Administration--Popular Demand!

Reacting to the disaster situation which the country is being plunged into, rebutting the administration's demonstrated inability to solve the problems, and rejecting the climate of lowly intrigue and personal ambitions, in which the government coalition is emmeshed, vast democratic and patriotic sectors are now arising and are demanding a new policy and a new administration.

It is a fact of the utmost importance that the great struggles of the workers--especially through the rally of 26, 27, and 28 January--are converging toward this objective along with the efforts of the small and medium farmers and business operators and the adoption of positions by outstanding figures in the nation's life who are drawn from different political and ideological segments.

Underscoring this coincidence as a factor extremely favorable to the creation of conditions for a democratic alternative, the PCP Central Committee revives the platform of the "five essential objectives" which was approved by the Tenth Congress as a very important contribution to the inescapable overall examination, by the democratic forces, of the broad outlines of a new policy to be implemented by a democratic administration.

The "five essential objectives"--as emphasized by the Political Resolution of the Congress--presuppose "a profound change in fundamental objectives, in immediate measures, and in the planning of a policy of recovery" and can be listed as follows: (1) stability, legality, and democratic system; (2) extrication from the crisis and economic recovery aimed at growth; (3) improvement in the material and cultural living conditions of the Portuguese; (4) guarantee of the freedoms and rights of the citizens; (5) unity throughout the land, national independence, security and peace.

4. Democratic Government of National Salvation

The development of the situation during the period following the Tenth Congress fully confirms the correctness of the proposal for a Democratic Government of National Salvation to replace the Mario Soares-Mota Pinto administration.

There is a growing conviction that it is absolutely urgent to block the disastrous government action of the PS/PSD coalition and there is a tremendous upswing in the struggle for the resignation and replacement of that administration. Nobody doubts that the current administration will leave the country in a situation of even more profound crisis which will demand a real emergency government. A government which (as spelled out in the Political Resolution of the Tenth Congress) would be "made up of democrats and patriots of recognized competence and capacity," "which would give guarantees of full respect for the Constitution and democratic legality; which would undertake a policy of mobilization of national resources and potentials and which would have a program for an effective attack on the country's fundamental problems and which would show that it is able to carry that program out." It was a government with these characteristics which the PCP's Tenth Congress designated as the Democratic Government of National Salvation, believing that it is the duty of all democrats and patriots, regardless of their party affiliation, to make such a government viable.

The PCP, for its part, reaffirms that it is ready to examine the institutional, political, and social viabilization of a government [illegible passage in photostat] and those who are committed to a government solution to replace the Mario Soares and Mota Pinto administration.

5. Importance of Presidential Elections

The 1985 presidential elections increasingly influence the national political situation not only because of their importance to the system's future but also by virtue of the influence which their preparations introduce into the current situation.

Mario Soares continues to present himself as the most probable candidate of the Right and this is why there is tremendous clarifying force in the deliberation of the Tenth Congress, reaffirming as "excluded question" any support for the candidacy of Mario Soares or any indication as to a vote in his favor by the PCP. An important effect of this is also the clarification of the fact that the PCP will not lend any kind of support to a possible candidacy by Mota Amaral.

In the meantime it is becoming evident that the right-wing forces are working very hard to manage to elect a president of the republic who will have their confidence in order, in this fashion, to manage to control the three basic bodies of the political establishment--the president of the republic, the Assembly of the Republic, and the administration itself.

Certain public opinion surveys which have been made public recently with unusual publicity are a part of these maneuvers which among other things are aimed at promoting or excluding candidates even now, through the pretended indication as to "who has a chance" and who does not in order, in this fashion, to influence the choice and the expectation of the democratic forces and public opinion from the very beginning.

Under these conditions, the slowness with which the issue of the presidential elections is being considered in the camp of the democratic forces turns out to be very dangerous. Equally dangerous can be the idea of putting forward one or the other candidate who has no real chance of winning and this would delay the selection of a real candidate who would be capable of defeating the right-wing candidate or candidates, that is to say, a candidate with a profile that would enable him to gather broad social support around himself and to win votes in a manner similar to the way this was done by the current president of the republic in 1980.

The PCP reaffirms that, as far as the presidential elections are concerned, it will do everything to guarantee the defeat of the right-wing candidate and the victory of a democratic candidate and it stresses the fact that progress in the preparation of the presidential elections, along with the choice of the candidate and the fast development of the support movement, can have a very positive influence on the creation of the conditions for a democratic alternative.

III. Mass Struggle--Fundamental Base of Democratic Alternative

The mass struggle is the essential and decisive form of resistance to the policy of monopolist restoration and the fundamental base of a democratic alternative.

In facing up to the disastrous policy of Mario Soares and Mota Pinto, the masses are with growing determination defending their interests, the democratic gains, and their own freedoms.

The recent intensification of the mass struggle, especially on the part of the working class, but also on the part of other social strata, against the policy of the PS/PSD administration, shows that there are conditions for continuing, broadening, and developing the struggle to put an end to the present policy of the current administration and that there is a growing awareness that it is urgently necessary to do that in order to prevent even darker days from settling upon our people, the country, and the democratic system.

The diversity of actions, expressed by the numerous sector and enterprise struggles, the struggle in civil construction, the struggle of the metallurgical workers, of the teachers and the workers in the Civil Service, the struggle in defense of agrarian reform, the Christmas vigils, the grandiose National Protest Rally on 26, 27, and 28 January, culminating in powerful street demonstrations--these are a demonstration of the rise of the popular and democratic movement.

It is very important to make sure that this new flood of struggle will continue and grow stronger, thus transforming the tremendous discontent running through the land into fighting action.

By developing the class struggle on all fronts, by tying the struggle for immediate demands (against the delay in wage payments, for hiring and for higher wages, against the closing of enterprises, against the seizure of assets of the UCP's/Cooperatives, against the failure to support the farmers, against the rise in the cost of living, against unemployment, for an improvement in education, against corruption and fraud) in with the fundamental and central struggle in defense of the democratic system and for a new government, the masses will in the end impose a democratic alternative.

The 10th anniversary of the April Revolution will take place at a decisive moment in the nation's political life and the destiny of the democratic system.

The defense and continuation of April, safeguarding its main gains, as a central issue of the commemorations and as a point of unity for the democratic forces, objectively clashes with the policy of the present administration and is an obvious criterion for exposing its counterrevolutionary character.

The broad united character of the commemorations therefore is of the utmost importance. The strengthening of the unity of the democrats, their active

intervention in the nation's political life, the combination of efforts to attain common objectives--these will be decisive in the broadening and success of the mass struggle so as to expand the social and political field of those who oppose the policy of national disaster.

The commemorations of the tenth anniversary of 25 April cannot fail to be marked by big mass actions which in a dignified manner will express the role of the revolution's popular component.

The commemorative ceremonies on 25 April can and must be an important day of struggle in defense of the ideals of April for the unity of all democrats interested in the defense of the freedoms and other gains of the revolution and committed to the continuation of the ways opened by it so as successfully to fight the important political battles that are approaching.

IV. PCP--Force Necessary to Solve Nation's Problems

The development of the nation's political life confirms the correctness of the PCP's analyses, specifically, the conclusions of the Tenth Congress. The PCP's proposals to overcome the crisis, its proposals for a democratic alternative, are winning more and more support with each passing day. The PCP continues to strengthen its organization, its political and social influence, it is asserting itself as the only big party that is faithful to the ideas of April, as a decisive force committed to the vast popular struggle in defense of freedoms, of social-economic changes, of the democratic system, as a force that is indispensable for the solution of the nation's problems.

The recent passage, in the Assembly of the Republic, of the decriminalization of abortion (a PS bill), with the votes of the communist deputies, and in a session marked by the PCP, must be considered as a victory in the struggle of the PCP, of the women, and of the democratic forces to lend dignity to motherhood, as well as for the consecration of the fundamental rights of women.

In spite of the fact that the alliance of the PS with the Right prevented the passage of the PCP's bills, this was the struggle that forced the PS and Mario Soares--in an effort to save face--to introduce a bill which, although quite backward, and without resolving the social drama of secret abortions and thus disappointing the hopes that had been raised for women through the PCP's legislative initiative, nevertheless does represent a step forward and a defeat for the reactionary forces.

The debate on the issue of abortion once again brought confirmation that, without the PCP, it is impossible to carry through any measure of a progressive character, no matter how minor it may be, and that the PCP is a force that is necessary and indispensable for a democratic alternative.

The nation's life every day confirms that it is not possible in any field to find a solution to the country's problems with the active and committed intervention of the PCP.

The PCP's participation in a democratic government's solution thus is catching the attention of ever broader segments among the people as a natural factor and as an urgent necessity in order to get out of this crisis.

Faithful to its policy of unity, the PCP will do everything to bring together all democratic forces that are sincerely interested in safeguarding the gains of April and in defending the democratic system.

The strengthening of the PCP, the fight against the anticommunist intoxication and hysteria campaigns is in the interest of all democrats. The Central Committee urges the militants and the organizations to prepare commemorative initiatives for the anniversary of the party's founding early in March.

Analyzing the results of the political indoctrination conference and the results of the disclosure of the conclusions of Tenth Congress, held on 14 and 15 January, the Central Committee has decided on 23, 24, and 25 March to stage a new National Propaganda and Political Clarification Rally, calling upon the organizations and all militants to participate actively in this rally with a view to debating the country's situation with the masses, explaining the party's policy and its proposals to resolve the crisis, a rally which will link the party even more to the popular masses, which will strengthen its influence and constructive intervention in the nation's life.

The situation is extremely difficult for the people, the country, and the democratic system itself. But this is not a situation that has no way out. Democracy has numerous potentials and forces that will be invincible if they resolutely opt for the road of unity and struggle.

Lisbon, 30 January 1984.

5058
CSO: 3542/25

POLITICAL

SPAIN

PRE-ELECTION ASSESSMENT OF BASQUE POLITICAL SCENE

Madrid YA in Spanish 7 Feb 84 p 7

[Article by F. L. De Pablo: "Basque Political Forces Want More Autonomy"]

[Text] If the hegemony of the PNV [Basque Nationalist Party] is confirmed together with the probable rise to power of Herri Batasuna, coexistence may become still more radical. A total of 40 percent of the electorate who have been abstaining until now have an opportunity to establish a second political force.

In 4 years of autonomous government in the Basque Country, the PNV has managed to have its political leaders regain their mark of national identity in all categories; it has taken on a large part of the statutory responsibilities at levels never before reached in the country's history and has restricted the process of economic destruction, even though work stoppages have increased and exports are not as great as those usually experienced in this area. On the other hand, terrorist violence is continuing to thrive, bringing instability to the rest of Spain; and the PNV is not going out of its way to eradicate those acts so that they might cease to be "a stone in the shoe" of democracy as soon as possible; and above all, the economic, historic, political and cultural bonds which were uniting the Basque Country to the rest of the Spanish nation have been weakened.

In comparative terms it can be said that Catalan pragmatism has been more useful in consolidating the autonomous state than the constant tension to which the Basques have subjected the state to achieve in 4 years what has been denied them for more than half a century and at a cost of three civil wars.

Excessive Historic Pace

A trip last weekend through "Basque reality" convinces us that the historic pace has been so stepped up that the nationalists themselves have had to give thanks to the former prime minister, Suarez--to whose overthrow they contributed--for having been the one who paved the way to autonomy, an autonomy which 4 years later impresses them as being insufficient to hold back the flood of sentiments of autonomous frustration with which they hope to continue to deal with those who resort to violence to maintain their policy of grievances toward Madrid.

It would be dangerous for the PNV to yield to the temptation of centering the electoral campaign around a "sudden braking of autonomy," as denounced by Carlos Garaicoechea who, nevertheless, agrees with Felipe Gonzalez on the need to reflect on the historic pace at which autonomies are being imposed in the midst of an economic crisis and with the mechanisms of synchronization between the state administration and the new regional administrations unable to be improvised overnight.

Four years of PNV government, it must also be said, have made it possible, thanks to Herri Batasuna's absence from the Vitoria Parliament, for the Basque problem not to detract from the rest of the system. Nevertheless, the continuation of violence and the habit, reflected by the PNV and all other nationalist parties, of heaping blame on Madrid for everything which is not functioning properly, may turn out to be a dangerous tactic that increases those feelings of frustration already showing up with regard to the autonomous possibilities of the statute.

Scarcely has the Guernica Statute been fully implemented when the political forces and leaders of the Basque Government speak of raising the ceilings, although they point out that this is not a grievance for the moment. And here we have the prime minister of the Basque Government, one of PNV's most pragmatic individuals and skillful negotiators, speaking to us the other day of his chief objective, which is to achieve a federal structure for the state; or Mr Pujana, president of the Vitoria Parliament, demanding that parliamentary immunity be extended to his deputies like that enjoyed by the deputies and senators of the National Parliament, despite the fact that the Constitutional Tribunal, in a decree issued in 1981, declared that no such amplification is possible.

PNV's Social Hegemony

The means which the Guernica Statute placed at the disposal of the Basque Government during these 4 years has enabled it to use its relative majority to increase its hold over the three provinces to the extent that it can now count on an overlapping which can not only guarantee it a parliamentary majority but also, and especially, assure it social hegemony; for this reason, it will be very difficult for an alternative government to emerge over the short term. The process is very similar to one which the PSOE [Spanish Socialist Workers Party] hoped to implant in the rest of Spain, although reality is rectifying its dreams of grandeur. But what is certain is that, at least at present, people in the Basque Country are striving to side with the PNV, for to do otherwise is to find oneself out of orbit, not one of the group, not in style.

The PNV used its majority in Vitoria as did the PSOE in Madrid, steamrolling the initiatives of an opposition which, moreover, was not very active. The problem now is that, as the transfers of the statute are being carried out, they lack a whipping boy and are left without anyone on whom to blame their failures. And they may be tempted to increase their grievances.

Need for an Arbitration Force

The key to avoid that problem is held by the Basque electorate which, while feeling themselves to be fully Basque, do not want to lose their Spanish identity. The 40 percent of the voters who, through fear or indolence, have abstained in nearly all the elections now have an opportunity to establish a second political force in the Basque Country which will force nationalism to be more restrained and arbitrate among its various plans. If nationalist hegemony is confirmed together with an increase in Herri Batasuna's seats, despite the fact that all polls say it is on the way down, coexistence within the Basque Country may become still more radical and destabilization of the "remainder of the Spanish state" may be still further advanced as is said over Basque television in referring to news which is not of the "country."

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BASQUE PRESIDENT ON POLITICAL MISSION, ETA

Guipuzcoa EGIN in Spanish 4 Feb 84 p 8

[Article by Consuelo Alvarez de Toledo: "Garaikoetxea Asserts That His Opponent in the Elections Is Herri Batasuna"]

[Text] Madrid (EFE)--Carlos Garaikoetxea believes that a fundamental merit of his government and of the PNV [Basque Nationalist Party] is that of moral leadership whose role is to draw Basque nationalism away from violence and convince its perpetrators that this is not the way to achieve self-government.

Consequently, the "lehendakari" believes--as do also the leaders of the PSOE [Spanish Socialist Workers Party] and the Coalition--that his opponent in the autonomous elections is Herri Batasuna, "presently the second political force of the Basque Country, and let no one fool himself, it may continue in that position."

When asked if there could be a coalition with that group, the "lehendakari" replies: "If it were possible to govern with Herri Batasuna, we would be in a desirable hypothetical situation--note, I say hypothetical situation: I do not say that it should be a partner--for that would signify that it is in the institutional game."

Garaikoetxea does not accept the criticisms of the PSOE adherents who are accusing him of "sectarianism" in the Basque Country's government. "It may be," he says, "that the PSOE is accustomed to being considered important outside of its territory; but here it is in a minority position and has disproportionate ambitions."

Self-Determination--A Legitimate Demand

In the "lehendakari's" opinion, "the ETA phenomenon has political roots and substantial social support. The true political solution is to convince this social sector that self-government, autonomy, is a serious matter not made of papier-mache, as we are reproached by the radical nationalists."

"The problem," Garaikoetxea insists, "lies in the 16 percent of the Basque people who from ETA's infrastructure, not in the terrorist 'aliases.'

"Their obligation," he says, "is to persuade the independents that political realism is worthwhile, accepting the Constitution as did the socialists or communists, knowing that 'it is not theirs,' that accepting it does not mean foreswearing their ideas."

Garaikoetxea summarizes his political ideal as "a federal solution" and, on self-determination, goes on to say that "it is not intrinsically perverse" and that "from a nationalist perspective it is a legitimate demand."

However, things have changed and Garaikoetxea asserts that, with regard to self-determination, "there is now no realistic place for it and it might jeopardize other general objectives which are more urgent and immediate, as is democracy."

Euskadiko Ezkerra asserts that the Basque people achieved self-determination with the Statute. In the "lehendakari's" opinion, "that is doubletalk and play on words."

Exaggerated Suspicions Regarding the GAL

The Basque government is often reproached as "having nothing against terrorism." "This," Garaikoetxea says, "is iniquitous. I believe that we have done much more than any other group and that those who until recently were casting stones at us should not 'pontificate' on our alleged indifference," he adds, referring to Euskadiko Ezkerra.

"It is not a brilliant gesture," he asserts, when he shows his willingness to assume coresponsibility in this struggle against violence, not though "lending his support for an action over which it would have no control."

As president of the Autonomous Community of Basque Provinces, he has neither the ability nor the means; and the Security Junta is only a scrap of paper. The "big stick" approach does not impress him as being a solution and he adds that "if it is indiscriminate, it is counterproductive".

Like the GAL [Anti-Terrorist Group], "an atrocity" about which he has ethical suspicions too obvious to mention, "for if, as some of us fear, the GAL is encouraged by people in responsible positions, then the qualification is more serious."

Skeptical about the measures adopted by France, Garaikoetxea believes that those measures have not greatly affected the ETA and that we must wait to see if it is only a gesture. "Although they persisted," he says, "we must not succumb to the temptation of seeking 'scapegoats'--that if the PNV should so desire, that if sanctuaries...--the ETA's problem lies in Basque society."

United With All the Peoples of Spain, Comrade

The transfers of responsibility are not what is worrying the president of the Basque Government; rather, it is the legislative policy of the socialist government, aimed in his opinion at undermining the Guernica Statute.

However, it is certain that he did not want to assume any of the responsibilities offered by the central government, because, Garaikoitxea says, "We do not want damaged merchandise."

Garaikoetxea believes that it is essential for adequate development of the autonomous process that the spokesman for the socialist government not be the PSOE: "I am afraid to think what would have happened with the PSOE on both sides of the table."

The "lehendakari" says that his first impulse, if reelected, will be to "extend my hand and reactivate dialogue, for I reject the strategy of tension."

He sees Spain--this time he actually speaks of Spain--as something deeply felt and united. He is driven to despair by our reticence and, dropping his usual air of Saxon calm, cries out: "United with all the peoples of Spain, comrade."

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GOVERNMENT HOPES FOR STRENGTHENED FORCES IN NEW PLAN

'Consolidation Period' in Budgets

Copenhagen BERLINGSKE AFTEN in Danish 27 Jan-2 Feb 84 pp 1, 12

[Article by Hans J. Poulsen]

[Text] Political clashes over the fighting force and level of strength of the Danish armed forces lie ahead. The 3-year agreement on the defense "system" expires this year. The government wants to replace it with a new agreement, preferably lasting 4 years, on conventional defense forces.

For the first time in many years, Social Democrats are not advocating savings on defense. Instead they are talking of the need for a "consolidation period." The government is taking this as a positive point of departure for negotiations on longer periods of service, drafting more conscripts and renewing worn-out or outdated materiel.

"Until there is evidence to the contrary" Defense Minister Hans Engell wants to take the Social Democrats at their word when the party assures us that it stands by Danish membership in NATO and the obligations that involves.

The defense negotiations that begin next month will be a test of whether the good intentions in the broad negotiating groups can bend enough toward each other that a solid defense system can be created--after a number of years in which there was a demonstrable erosion of materiel and personnel preparedness.

In this article, the weekend edition of BERLINGSKE AFTEN sums up the situation of the armed forces and a prominent officer gives his opinion as to where the most urgent problems exist.

The defense agreement that expires this year was arrived at on 12 August 1981 after a year and a half of often very difficult political negotiations. "The agreement on defense arrangements" was what then Defense Minister Poul Sogaard (Social Democrat) called the results of the negotiations, which could be boiled down to remarks filling about a single typewritten legal-sized sheet of paper.

The agreement was reached between the Social Democrats and the four parties that now run the government: the Conservatives, the Liberals, the Center-Democrats and the Christian People's Party. With 122 seats, the five parties to the agreement made up a comfortable majority in Folketing. After the election on 10 January this year, the five parties now have a total of 133 seats.

Goal and Reality

On 1 January 1982 the agreement on the new defense arrangement went into effect for a period of 3 years. The starting point for talks then was that Denmark should continue to be a member of the NATO alliance. But from the start there was sharp disagreement about the size of the Danish membership payment. For a long time the Social Democrats clung very stubbornly to a zero solution.

The four nonsocialist negotiators called for setting aside funds for operation and investment for the service branches. They tried to hold then Prime Minister Anker Jorgensen to the fact that he had earlier--under NATO auspices--approved a "goal" of a 3-percent increase in the defense budget. For a while it looked as if there would be a zero solution. After difficult negotiations, the bottom line was a compromise on an increase of the budget framework of 1 percent (85 million kroner extra) for 1982, another 1/2 of 1 percent (37 million kroner) for 1983 and a further 1/2 of 1 percent (43 million kroner) for 1984.

Wage and Price Regulation a Last Hope

A strong contributing factor to the broad agreement was that defense spending, as in the past, would follow general wage and price developments. In addition, the agreement could not be changed during the 3-year period unless all parties to it approved the change.

The military experts in the defense leadership accepted this without putting up much of a fight, reasoning that a lean 3-year period was preferable to annual skirmishes on cuts when the budget was approved each December. Conflicts of that type could weaken defense and spread doubt as to Denmark's determination to stand by NATO membership when it came to paying out cold cash.

But the armed forces have been cut during the period of the agreement anyway. In 1983 there were savings cuts of 140 million kroner and this year they amounted to 180 million kroner. Additional savings, according to the

defense command, would weaken Denmark's defense capacity and lead to personnel layoffs.

An 11-man group led by the defense minister has political oversight over the basic agreement. Each of the coalition parties has two representatives on the committee and the Social Democrats have three.

After the Folketing election, a somewhat different 11-man group will meet for the first time. Defense Minister Hans Engell (Conservative) is expected to conduct this clarifying maneuver around the beginning of February.

In the election campaign that has just ended, defense problems did not occupy a very prominent place on the list of debate topics. The government noted that for the first time in many years the Social Democrats were not demanding reductions in defense budgets in advance. With respect to strengthening conventional Danish defenses, the government is counting on positive support from the Social Democrats. They want Danish defense to continue to be based on a very broad majority in Folketing.

For a while the government parties feared that the repeated defeats in Folketing, which have made Denmark a footnote country in NATO, would also worsen, perhaps even jettison the chances for a new broad agreement on Danish defense. However, in the campaign there were no statements from leading Social Democrats that would automatically exclude a political compromise. As a prominent Social Democrat said to BERLINGSKE AFTEN:

"We Social Democrats cannot say no to both things (NATO missiles in Europe and conventional Danish defense, Ed.). If we continue to be a bona fide member of NATO, we must accept a development in the area of conventional precision weapons that will cost money, a development we cannot turn our backs on."

Deficiency Diseases

The government prefers to start out with defense tasks instead of with the familiar discussion of percentages. The talks will be conducted in light of the government's view that the defense system suffers from deficiency diseases with respect to both materiel strength and possibilities for activity. When the "diagnosis" has been made, one can then estimate what a sound defense will cost in current prices.

On the materiel side, the armed forces have sought for many years now to keep their heads above water by recycling and refurbishing weapons systems.

Defense Minister Hans Engell calls this "extension of the lifetime" of systems beyond the point where they should have been replaced with new ones "characteristic" of the materiel situation.

Hans Engell had this to say about the political negotiations on the armed forces:

"Naturally the trend in Social Democratic security policy attitudes over the last year and a half has caused some concern. That is also true when we look at Danish defense in isolation. But until we have evidence to the contrary I prefer to take them at their word: namely that they stand fast on Danish membership in NATO and the obligations that go along with it when it comes to our own contribution to the alliance."

The defense minister would like the compromise that must now go through the political machinery to run for 4 years, in other words for 1 year longer than the current agreement.

Universal Conscription No Longer the Rule

All is not well with what is known as "freshening up" the ranks in defense jargon. The average age in the mobilization forces has become too high. In a "given situation" the people who would have to defend the country would be too old.

Therefore an increased call-up of draftees and the extension of service periods will play a central role in the political negotiations. In Paragraph 81 of the constitution, conscription is defined as an obligation for all those "capable of bearing arms."

But over a period of years the idea of conscription has been eroded to the point where it is no longer regarded as one's duty to be a soldier, as it used to be. In recent years only 30-40 percent of those of service age have been drafted. Universal conscription is no longer the rule.

The low draft level has also affected the Home Guard. In this volunteer branch it is regarded as a growing problem that 65 percent of the volunteers today arrive without having had prior basic training as draftees. In 1973 only 20 percent had to be trained from the ground up.

Minister Wants 12-Month Conscription Service

Defense Minister Hans Engell prefers a 12-month tour of duty for conscripts (compared to 9 at present) who serve in army combat units. Three-quarters of a year in the army is not enough to achieve the necessary skills. He would also like to increase the number drafted.

"The continued erosion of the whole concept of conscription is unfortunate. We would not want to end up having to pay other people to defend us. The defense system needs closer contacts with young people. It should not be a closed country, cut off from the movements visible in the rest of the population, including the youth movement. But the limits for how many more can be called up are set by the economic framework and the size of those age groups."

Reinforcements and Our Own Forces

The strength of Danish defense today is at its lowest level in a generation. And the service period of 18 months has gradually declined to half that figure since 1953.

The defense structure is based on Denmark being able to take care of the defense of Danish territory for a short period--from 1 to 2 weeks--after which time allied reinforcements from the United States and Great Britain, for instance, would be sent in.

Military experts point out that willingness to send extra reinforcements to Denmark in a given situation will also depend on the extent of the forces Denmark itself can come up with. In view of the fact that we ourselves only draft a minority of those capable of serving, it is regarded as both "paradoxical" and "amoral" that Denmark anticipates outside reinforcements of 40-50,000 men.

In Denmark conscription is no longer regarded as a duty to society. That is why we compensate draftees with high wages. About 10 years ago when young labor was in great demand, the Danish defense system went from paying an allowance to paying monthly wages. From 15,000 kroner a year with food to--today--100,000 kroner, not including food.

Compared to almost all other countries, Denmark has the world's highest-paid draftees. In Sweden they are paid 7,200 kroner a year, in Norway 10,000 and in Finland 3,240 (with food provided in all cases and converted into Danish kroner). Until recently it was 17 times more expensive to train a Danish soldier than to train a Finnish one. And no one would claim for that reason that Danish soldiers are 17 times better than their Finnish brothers in arms.

On the political level a 10-percent reduction in pay to Danish draftees was considered last year. But the idea was hastily abandoned. And it was not a saving that would have made it possible to call up more soldiers for the same amount of money. The saving was aimed solely at benefitting the coffers of the finance minister.

Attitudes and Willingness to Make Sacrifices

Denmark was a member of NATO ever since the formation of the Atlantic Treaty Organization in 1949. Denmark pays 2.5 percent of its Gross National Product for defense. Among the other 13 member nations, only two, Luxembourg and Canada, pay less. In relation to the national budget, defense is getting a diminishing share--from 18-19 percent 25 years ago to 6-7 percent today.

The proportions have gone the wrong way for the armed forces.

Over a 20-year period, social spending has doubled and defense spending has been more than cut in half. This makes it harder to argue that Danish defense spending is just "allowed to grow and grow."

There is no shortage of popular support for NATO membership in this country. In the latest Gallup poll from January of this year, 53 percent of those asked favored Denmark remaining in NATO, while 23 percent were opposed.

It is different when one gets to the question of paying. In the Gallup poll (from 1980), only 20 percent wanted spending increased to the extent that "Danish defense would meet NATO's operative target." Some 41 percent wanted to freeze funding where it is and 27 percent wanted to cut defense spending.

Incidentally that was the same year in which the defense leadership published this assessment of the military threat: "Expressed in overall terms, conventional forces in Europe have developed in a direction that is unfavorable to NATO. Today it must be estimated that the Warsaw Pact lands have the military capacity to make territorial gains throughout Europe through a rapidly-executed conventional attack."

And according to military experts, this assessment is still credible today.

Social Democrats Want Consolidation

On the inside track in the Social Democratic Party, former Defense Minister Poul Sogaard has recently been advocating a much-needed consolidation period for the armed forces. And we have learned that this position has received "positive attention." There have been no statements from leading Social Democrats that would automatically block participation in a broad defense agreement. And the increased support in Ringkobing County for the re-election of "deviator" Robert Pedersen also made an impression.

On 10 December 1983 the Social Democratic executive committee was briefed on the party's starting point in the negotiations that will now get under way.

The party is especially interested in plans for garrisons in the area of the Western District Command, the establishment of a "war reserve" of missiles, shells and mines, better equipment of mobilization forces and redressing such deficiencies as anti-tank defenses for the army, air defense for the army and air defense for air bases. And considerable stress is being placed on the whole sector of civilian protection.

The Social Democrats regard two questions as "unclarified." The first is the lease or purchase of three submarines, the other concerns extending the lifetime of F-104 planes at the Aalborg air base.

Former Defense Minister Poul Sogaard, who is a member of the 11-man committee, told BERLINGSKE AFTEN that his party would like to discuss both extending the service period beyond 9 months and calling up more draftees.

"We must discuss whether all those subject to conscription should serve and how long the service period should be. This will have economic consequences in the form of increased expenses for officers and operation. A soldier can learn what he has to in 6 months. Beyond that one might try a superstructure with the appointment of enlisted men for small special assignments."

Former Prime Minister Anker Jorgensen said of the Social Democrats' more general position a month ago--after the election date had been announced--that "we must return to the broad majority behind defense policy. We have already had a defense agreement with the nonsocialist parties. And we are ready to enter into another one."

Drastic Erosion in Agreement Period

One of the Danish defense officers with the most rounded orientation at the leadership level is the chief of staff in the Eastern District Command, Army Colonel Ole R. H. Jensen, 57. In the years 1975-79 he functioned as head of the Long-Term Defense Planning Group, LTP. As an officer he has served in the ranks as company chief, battalion chief and brigade chief.

In general he feels that in the agreement period from January 1982 up to now, Danish defense has experienced a drastic erosion with regard to both the standard of materiel and the level of supplies. The shortfall has been more extensive than one could imagine. The purchase of important weapons systems was delayed for many years and all in all it is hard to get funds.

As we head into the new compromise negotiations, Colonel O. R. H. Jensen stressed that the defense of Denmark must be viewed as a three-service task (four, if the Home Guard is included). The army, navy and air force must work closely together. Healthy competition among the branches can only benefit the whole, but "branch rivalry" is harmful and should be controlled.

If one or two of the Danish service branches are scaled down in relation to the third, we risk that decisions vital for the defense of Denmark will not be made in Copenhagen but in Brussels, Bonn or London. That would also affect political freedom of action here at home when it comes to defense matters.

Pluses and Minuses in 1984

In a New Year's assessment of the standard in each branch of the service, Colonel O. R. H. Jensen had this to put on the plus side:

In recent years the air force has acquired airplanes of high quality. The purchase of the F-16's was the biggest single investment in the history of Danish defense. Land-based anti-aircraft missiles of the Hawk type have been purchased to combat hostile planes at lower altitudes.

The navy has some excellent missile boats and corvettes as well as two modernized frigates of good quality. It also has modern weapons systems with sea-target missiles and anti-aircraft missiles.

The army is equipped with new Leopard tanks. An anti-tank defense is being built up with guided Tow missiles. Anti-tank nozzle guns of the Swedish Carl Gustav type are in the process of being phased in.

On the minus side, he listed these deficiencies in the service branches:

Air force: No combat planes are being acquired as replacements for all the F-104 planes that are gradually being phased out--in other words, scrapped. There is an unmet need for land-based guns or missile emplacements to defend military air bases in cooperation with the army.

Navy: Renewal of the submarine fleet, which currently numbers five vessels, is the most urgent major acquisition. In addition there is a need for flexible vessels of a standard type which can be used for a variety of tasks.

The army is in a "desperate" situation when it comes to its chances of defending itself against attacks from the air. Among the branches, it is the personnel-heavy army's quality that is most in danger. Outdated tanks of the Centurion type cannot be replaced with new ones but have to be modernized. There is a need for more tank defenses, including missiles that can be fired in the dark. The army also has a shortage of ammunition stockpiles and lacks regular vehicles.

Sometime in the 1980's there will also be a need for the services to replace their small arms. Some mobilization units are still using rifles dating from 1950. The price of new small arms for all the units in all the branches of the service would be around 1 billion kroner.

When it comes to the so-called island defense in Denmark, the staff chief of the Eastern District Command expressed a desire for land-based Harpoon missiles for either the navy or the army.

The nerve center of Danish defense lies in Vedbaek. Here--gathered into the Defense Staff--we can find the leaders of all three branches with a staff of around 400 officers from the army, navy and air force.

The "mini-Pentagon" is the nickname of this organization, which suffered greatly from growing pains in the first years after it was established in 1970.

It is a standing topic of discussion in military circles whether or not the "head" has become too big in relation to the "body." It is charged that the continual reduction of combat units in military camps around the country is gravely out of proportion to the size of the defense system's centralized leadership. There are simply too many chiefs and too few Indians.

Officers Should Go to the Units

Colonel O. R. H. Jensen advocates giving the military units scattered around Denmark a higher priority. The staff chief of Eastern District Command said to the weekend edition of BERLINGSKE AFTEN concerning the future structure of the armed forces:

"The defense staff has just started to shrink very slightly. This is something that should and must happen. However a 10-percent reduction is not enough. Some of the many majors and naval commanders should be sent out to the units. That is where training takes place and--in the event of war--these are the units that will carry out the real defense of Denmark.

"Some of the smaller staffs here and there can be abolished. Some of these would only be activated under mobilization, but money is being spent in peacetime on planning and on training them. To the extent these staffs are not strictly necessary, they must go.

"And when it comes to the many ramifications of training in Danish defense, cuts must also be made in the same way as they must be made in the number and size of staffs," Ole R. H. Jensen stressed. "Anything that does not advance the fighting force of the defense system, either directly or indirectly, must be eliminated."

Defense Wish List a Long One

The Danish services have presented a long list of things they want to use as replacements for worn-out and outdated materiel. On this basis, the Defense Command, which covers all the service branches, prepared a plan for materiel acquisitions in the period from 1984 to 1990 (all figured at January 1982 price levels).

Army: Protective clothing for use in chemical warfare, signal materiel, low-altitude air defense, vehicles with wheels, anti-tank defenses, anti-tank helicopters, armored personnel carriers, ammunition, modernization of the M-41 light tanks and the middleweight Centurion tanks within a spending framework of around 5.2 billion kroner.

Navy: Replacements for minesweepers of the Sund class, ocean mine materiel, Harpoon missiles, navy helicopters and replacements for surveillance vessels of the Daphne class within a framework of around 2.5 billion kroner.

Air Force: Low-altitude defenses for air bases, ammunition for combat planes and the leasing of another two Hawk squadrons within a framework of around 1.6 billion kroner.

Home Guard: Signal materiel, tank defenses, NATO observation equipment and ABC equipment for protection against nuclear attack and in attacks with biological and chemical weapons. This would cost around 205 million kroner.

Defense Chief on Long-Range Plan

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jan 84 pp 18, 19

[Article by Jens Olaf Jersild]

[Text] Denmark's defense chief has great respect for the peace movements and says that from a purely military point of view, NATO could certainly reduce its armaments unilaterally. A war on Danish territory without nuclear arms would only be possible for a very short time and the chances for survival would not be "overwhelming," in the view of Knud Jorgensen, but he sleeps soundly at night anyway.

The name Knud Jorgensen is as Danish as a summer house with a white plastic stork and red wagon wheels, but the chief of the Defense Command's Vedbaek bunker is also a combat-ready combination in the ratio of one part Jorgensen, Denmark, and one part four-star general.

In addition to the good measure of seriousness which the post demands, there are also many other ingredients, but they are undoubtedly a state secret.

As the supreme Danish defense commander for 7 years (although he says he plans to retire in October) the 64-year-old former pilot possesses not only the deepest insight into military conditions in Denmark and other NATO countries but also has the best strategic view and a pile of experiences from his acquaintanceship with top military people and politicians. He also has a becoming down-to-earth quality that can probably be attributed to Jorgensen, Denmark, rather than to the four-star general.

This is a defense chief who thinks that NATO from a purely military point of view could unilaterally eliminate 80 percent of its nuclear weapons and still have enough to retaliate to a Soviet attack. "But that would be a poor security policy solution."

He himself sleeps soundly at night, but he can well understand why people are alarmed about nuclear weapons. "The chances of survival are not overwhelming."

He thinks the arms reduction talks are going much too slowly and he has "great respect for the peace movements" while at the same time he criticizes NATO politicians for poor communications.

He does not believe there would be a war on Danish soil without nuclear weapons beyond a "very short period of time."

He also fears the consequences of the fact that defense consists of more and more professional soldiers and fewer and fewer "ordinary" conscripts, but on the other hand he is happy about the people streaming into the Home Guard.

Denmark's Biggest Peace Movement

Knud Jorgensen: "Around 70 percent of the work force in Denmark is occupied in the service areas and I feel defense is one of them. We create security, but perhaps this is not as apparent as the fact that ISS [expansion unknown] gets things clean."

"We are Denmark's biggest and best organized peace movement. If war comes it is because we have not done our job well enough. Then we must do the best we can to keep the war away from Danish territory. But I do not believe we would have a conventional war on Danish territory for more than a very short time. A confrontation involving the nuclear weapons of the superpowers would follow."

"I assume that something has been 'set aside' for Denmark and therefore the chances of surviving will not be overwhelming--the way I envision World War III, it would really mean the extermination of the population of the northern hemisphere."

NATO Has Cut Number of Nuclear Weapons in Half

"I can well understand that many people are deeply concerned about the arms build-up and the danger of nuclear war. But personally I sleep very soundly at night. That is because I know that war does not 'just' come. I know the system from the inside--but ordinary people get their information through the mass media, which give a lot of space to the views of the peace movements."

"Many people believe the nuclear weapons situation has become much worse in recent years. That is not the case at all. On the contrary, we in the West are constantly reducing the total number of nuclear weapons."

"If we compare things with 20 years ago, the total nuclear explosive force is half as great as it was then. But at the same time the precision of the missiles has improved greatly."

"In 1980 1,000 nuclear weapons were returned to the states for destruction and now another 1,400 are being removed."

"This was revealed at a meeting in Canada in Octoboer but it was not given much of a spread in the newspapers. It looks as if NATO has a hard time telling the public how things really area. Things have gone a little better in England, but the fact is that NATO--and here NATO politicians through the years must bear a large share of the responsibility--has not done a good job of informing the public."

"But the peace movement has done a good job here. As is the case with so many other grass-roots movements, we have seen that the peace movement has been able to get a lot of media coverage. This is a minority group that is making a lot of noise, but it interests the media because it is saying something new.

"Studies have shown that only around 4 percent of the people have been in direct contact with the peace movement in one way or another. And only 1 percent participates actively in peace work. But there is no doubt that the message of the movement has aroused the sympathy of a large part of the population."

Great Respect for Peace Movement

"I have great respect for the peace movement as a more or less popular movement. The Soviet Union has the entirely legal goal of trying to steer the movement in a propaganda war against the West and some of the movement has been pushed in this direction.

"But one cannot take that fact to mean that the entire movement has been manipulated, because that is simply not true.

"One must be very cautious about downgrading the peace movements because undoubtedly a good many of the members are--I might almost say--genuine friends of peace. These are very intelligent people who have considered the matter carefully, who have a conviction about it and do not belong to any particular political group. For example, they are not people who stand to the left of center.

Peace Movement in a Dilemma

"They do not allow themselves to be manipulated; they just feel we should reduce our arms unilaterally and give the Soviet Union a good example. But unfortunately I do not believe this good example would tempt the Soviet Union to begin reducing its arms as well. Not with the experiences we have had since World War II.

"Actually one could also say that the peace movement's first big offensive has gone wrong in concrete terms because in spite of protests the NATO countries have started to deploy the almost notorious 572 medium-range missiles.

"Thus the movements are in a dilemma now and need some other goals around which to concentrate their actions. I am convinced that in the next few months we will hear much more about the idea of nuclear-free zones than we have so far.

"And there would be some substance in this if they do not just stick to the Nordic region. If this applied to both East and West, we could have a nuclear-free belt running down through Europe. But from a purely

technical point of view this also creates enormous problems. In the first place, there are still the long-range missiles and in the second place, how will we make sure that areas are really free of nuclear weapons?

"Today there are systems that make missiles quite mobile. And then what would a nuclear-free zone be worth?

Militarily, NATO Could Disarm Unilaterally

"In the military we call the atomic bomb the peace weapon, because in reality nuclear weapons are absurd in the context of war and only exist to be used in political negotiations.

"Actually one cannot imagine waging war with nuclear weapons. Such an idea is absurd. I have very strong doubts as to whether it would be at all possible to control some form of 'exchange' of nuclear missiles between the two sides when they first get started. The probability is that this would lead to total war and that would mean the destruction of everyone. Both sides are also well aware of that and that is why nuclear weapons are only used for political purposes.

Nuclear Weapons Exclusively a Negotiating Technique

"In reality one could certainly throw out 80 percent of the nuclear arms. The remaining 20 percent would be enough to allow both sides to annihilate each other."

If 20 percent is sufficient, why doesn't NATO just do away with 80 percent unilaterally?

"That is due to the political moves the two sides make against each other. They do not want to give the Soviet Union the political advantage a unilateral arms reduction would definitely involve. They are afraid that just by threatening to use its nuclear superiority, the East bloc would be able to intimidate the western nations. The Soviet Union would regard arms reduction as a political signal of weakness.

"Therefore the many nuclear weapons are exclusively a matter of negotiating technique. The nuclear arms arsenal has been built up to preserve balance and give an equal starting point in negotiations."

Isn't the starting point strong enough when one has enough weapons to destroy the Soviet Union?

"Yes, but the point is that the other side would regard arms reduction as a sign of weakness. And that increases the risk that they will try to influence the western nations with threats."

Couldn't we say that threatening us will not work because we still have enough weapons to destroy them?

"Yes, but that is not the way politicians are, not at all."

Politicians Need Equality

"I would also say that if I sat at the negotiating table and said that we will now withdraw 1,400 missiles without anything happening on the other side, I would say to myself that it wasn't fair.

"I must assume that the others would say the same. The only way out lies in mutual arms reduction."

Do we really care whether the Soviet Union can destroy us once or five times over?

"Maybe not, but politicians need to have equality before they pursue negotiations.

"From a purely military point of view, NATO could easily cut its arms by 80 percent and still be able to retaliate in the case of an attack, with a total and devastating effect on the Soviet Union.

"This would still involve around 2,000 missiles--that would paralyze the Soviet Union militarily and otherwise and leave the country in ruins. But it is up to purely political negotiations to reduce the number of nuclear weapons.

"To get nuclear arms reductions going, they are also trying to introduce the idea that we should expand conventional weapons at the same time as we eliminate nuclear weapons.

"That is also a necessity as far as the West is concerned.

Negotiations Going Slowly

"There is also a danger that the Soviet Union will start a conventional war and hope to carry it through, but the West is so weak in the conventional area that NATO might resort to a first strike with nuclear weapons to defend itself effectively against the attack in the hope that this use could be controlled. And I have grave doubts about that.

"I personally think the political negotiations on peace and arms reduction are going very slowly. The only thing that consoles me is that as long as dogs bark, they don't bite.

"That is why the Stockholm conference encourages me and I have an optimistic belief that the negotiations in Geneva will probably get going again too.

"And actually I am probably even more concerned about chemical weapons than about nuclear weapons. They are cheaper to produce, but their harmful effects are at least as great as those of nuclear arms. At the same time they can paralyze a nation and a defense system terribly effectively.

"It encourages me that they are beginning to talk on the international level of limiting these weapons and it would be great if they can decide on a definite ban.

"And this could actually be the long-awaited opening for an agreement on nuclear arms, if the distrust could first be overcome on one point. One of the positive things about the nuclear arms debate has been that no one has challenged the defense system itself. Everyone supports it. Even though we have experienced one reduction after another for many years now.

Risk Losing Popular Sympathy

"The preliminary reports from the negotiations about a new defense agreement are based on starting out with an unchanged budget. In the past we have been accustomed to a reduced budget in which adjustments could be made later.

"But there is some reason for concern even so, because the defense system's contact people have declined in numbers in the sense that there are fewer and fewer draftees. Before 1970, the armed forces consisted of 25 percent professional soldiers and 75 percent draftees from civilian life. But now the picture is the exact opposite--partly because of declining appropriations.

"Now we draft only a third of the young men in a given age group and even though we do everything we can to integrate defense people in society--we have a number of officers and regular soldiers who have been elected as mayors--we risk problems in the future.

"We risk losing the sympathy of the public and political support along with it. In the next generation of politicians, very few will have personal knowledge of what defense is all about. And politicians do not have a tremendous general insight into defense as it is--and now it will be even worse.

"But there are also positive tendencies and countertrends under way.

"Over 2 or 3 years we have experienced an influx of new Home Guard members numbering around 1,000 a month. At the same time we can see a big change in many young people. In the 1960's many fathers had problems with their children because they became antimilitaristic during the youth rebellion. It is no longer like that--we see more and more sons following in their fathers' footsteps."

So said Knud Jorgensen, who comes from an officer family and has two daughters himself who have completed 5 and 7 years of service respectively in the air force.

More Sons Now Following Their Fathers

On the general's conference table stands a large model of Ellehammer's airplane. Made by his son Hans Ellehammer and presented to Knud Jorgensen along with 35,000 kroner for an aviation museum, a project dear to the pilot's heart of the defense chief.

Above Ellehammer's model seven hedgehogs are suspended from a mobile--the symbol of the association, Defend Denmark.

"That is one of the positive counter movements," said the defense chief as he stood at the table in his shirtsleeves to demonstrate that the plane's propeller can be rotated properly with the help of a miniature crank in the nose.

Armed Forces' Plan Input Criticized

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jan 84 p 9

[Commentary by 'Monitor']

[Text] The defense minister's recently-released report for 1983 is a bureaucratic product that does not make any substantial contribution to the discussion in the months ahead of a new defense agreement.

Many public institutions issue annual reports on their activity. The purpose served by these reports is often unclear. Supposedly it is to inform the public as well as public and private institutions. But in reality these reports are often more an attempt to promote their own merits.

The reports are regarded as a vital part of the institution's external profile and they are touched up in accordance with this. They are printed on shiny paper, they are lavishly illustrated and have modern layouts. But they often have problems living up to the classic literary principle of harmony between form and content.

The content is not primarily determined by the desire to inform but by competing bureaucratic interests, by the wish to avoid delicate political issues and a desire to retain the structure of the institution and broaden its tasks.

The Defense Ministry also issues an annual report. This was decided on in connection with the current defense agreement. The purpose is "to give Folketing and the public insight into the conditions, tasks and anticipated development of the defense system in the next few years," in order to create a basis for an ongoing orientation and debate. There was a wish on the part of politicians interested in defense to keep defense matters

from being just something that pops up in the political debate at intervals of several years when a new defense agreement has to be approved. This function has not diminished in importance following the limits that were set on the opportunities of the Defense Information and Welfare Service to inform people about Danish defense policy.

Especially in view of the security policy debate in recent years and the approaching negotiations on a new defense agreement, there is reason to look more closely at the latest report. It appears from the minister's foreword that he hopes that "in addition to providing information about the present situation of the defense system it can contribute to an understanding of the importance of Danish defense for our security policy--and thus become part of the debate on a new defense agreement."

That is a vain hope, however. The report will hardly have any significance for the public debate. In content it is reminiscent of the health insurance reports of old, just peped up with pictures from the defense photo archives. It is quite obvious how the report was prepared. Each institution and each office under the sector covered by the Defense Ministry contributed with its own little Hassan and the editors of the collected work limited themselves to the deft use of scissors and paste--perhaps just paste.

There is no distinction between large and small things, between essential and nonessential matters and the report lacks inner structure and coherence. The Channels Department gets twice as much space as the military threat, the Geodetic Institute's map revisions get twice as much space as warning systems and crisis control problems get the same amount of attention as the rejection of draftees. Among the more exotic details we find the following about the State Clothing Company: "In 1983, with the approval of the Finance Ministry, an automatic folding and grading system was acquired for the firm's cutting and model division to replace the old time-consuming manual production of patterns for the manufacturing of uniforms. The new technique is of great importance in satisfying customer demands for changed model types." And here we thought new submarines were the big problem. But all we have on this topic is the laconic statement: "The acquisition of submarines and surveillance vessels is still under consideration."

The report is written by bureaucrats who neither can nor will throw themselves into the debate on controversial political issues. But what is the reason for publishing material that has been rendered totally meaningless by bureaucratic flourishes? As is the case, for example, in the following statement on developments in the armed forces:

"The components of local defense will be adjusted. This is expected to lead to setting mutual priorities on the organization of the regions with respect to their tasks and the immediate threat against individual regions."

Here and there in the report one can find exceptions to this meaninglessness. This is true for example of the discussion of the existing reinforcement agreements which is better and more detailed than it was in last year's

report. But that does not alter the fact that the report far from lives up to its declared purpose and that it does not contribute to the relevant and informative political debate that is needed prior to the negotiations on a new defense compromise.

The defense minister seems to assign great importance to broad public sympathy for the security policy that has been pursued. But this kind of sympathy is achieved only through real information and not a defensive repetition of established dogmas. As a former journalist, the minister undoubtedly has had experience in this area and he could--well before next year's report comes out--set clear guidelines as to how this kind of report should look, in his opinion, thus insuring that the final edition would be in agreement with certain criteria for political relevance.

However it is well-known that the Defense Ministry--squeezed in, as it is, between the indifference of the politicians and the wish of the Defense Command to take care of things itself without too much interference on the part of the ministry--has become one of the weakest ministries and that it has had difficulty attracting the best qualified workers, among other things. Therefore it will be interesting to see if the newly-appointed head of the ministry, with the advantages and drawbacks that are provided by having a different background, will be capable of strengthening the role of the ministry as the defense minister's secretariat and the top administrative leader of Danish defense.

Personnel Limit is Main Problem

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jan 84 p 8

[Editorial: "The People and Defense"]

[Text] A picture of the coming talks on a new basis for the activity of Danish defense is beginning to take shape. The framework is more or less established, if one believes the hints that have been heard so far from the parties that will be primarily engaged in the discussions. By and large the funding framework will remain unchanged and there will probably be considerations of how a number of changes in the internal structure of the defense system can be made for the same amount of money.

The main problem is that the force objectives do not allow the armed forces to draft more than a third of those eligible to serve in any given year. The remainder of the ranks are filled with volunteers. That is unsatisfactory for many reasons. First and foremost because in the long run it could create an unfortunate gap between defense and the public. Danish defense should be a popular defense, based on conscription and popular support. If the bridge between defense and the people is eliminated it will mean a slow breakdown of the somewhat vague, but for that reason still valid concept known as defense determination.

The paradox is that defense determination is strong just now. That can be seen in the enlistment in the Home Guard as well as in the fact that so many people are volunteering for the armed forces. This cannot be explained solely in terms of youthful unemployment. This is a generation of young people who have a positive view of Danish defense.

When party negotiations get underway this circumstance should be the point of departure. Discussions must be held on how to make room for more draftees while at the same time the materiel situation is adapted to the new weapons technology. If such talks are to proceed on a realistic basis it will be necessary to look at the very high wage costs that burden defense budgets. If Danish wages paid to regular soldiers are compared to similar expenses in countries comparable to our own, the difference is striking. A Danish conscript is paid around 100,000 kroner annually, but his Norwegian counterpart, for example, is paid around 10,000 kroner. Even when we adjust this to compensate for the fact that Danish draftees have to pay for their food while Norwegians get food as part of their pay, there is a large difference, so large that it should lead to serious reflection.

Experience shows that it is almost impossible to reduce a high wage level to a lower one. But it might be worth considering whether wages should be graduated, so that the starting wages for conscripts are reduced--which would provide room for more people for the same amount of money--and so that wages would not rise to the current level unless conscripts wanted to continue in the service on a voluntary basis. Such an arrangement would create a better balance between the conscripts and the volunteer elements in the armed forces. It would mean that more people would serve--perhaps for a shorter length of time--but these people with a shorter period of training could afterwards provide a tangible reinforcement for the Home Guard.

6578

CSO: 3613/89

FINANCE MINISTER DELORS ON INDUSTRIAL OUTLINING LAW

Paris L'USINE NOUVELLE in French 2 Feb 84 pp 40-42

/Interview with Jacques Delors, minister of economy, finance and budget/

/Text/ Having put in place the austerity plan, Jacques Delors is now tackling the next major concern--industry. Restoring the flexibility of daily management, easing the taxes weighing it down, providing it with simple and effective means for consolidating its funds--these are the projects of the Minister of Economy, Finance and Budget.

L'USINE NOUVELLE: Lately we have heard you on several occasions pleading for the government's disengagement from the economy. Why did you nevertheless maintain price controls?

Delors: If the current French inflation were of an exceptional nature, it would have been my duty to return to complete freedom of prices and, in the first instance, of industrial prices. Unfortunately our history is punctuated by plans for dealing with inflation, by reorganization plans that have not succeeded in persuading the French as a whole that they would do better without inflation. To bring inflation down, we need at one and the same time reverse anticipated spending, triumph over the French people's skepticism that has by now virtually become part of the cultural fabric, and attack the "permanent causes" of inflation.

L'USINE NOUVELLE: Is it really the best method of attacking these permanent causes to decide on an authoritative standard and "hitch" prices to it?

Delors: I do acknowledge the drawbacks, but the benefits outweigh them--at least for the next 2-3 years. This obligates all of us to join in the fight against inflation and to keep our eyes on lower figures than those we have been used to thinking of when getting to the point of drawing up the budget of a company, negotiating salaries and fixing prices.

The use of this standard is designed to make for a break with anticipated spending, even though it may appear savage. If I had decided to free all industrial prices at the end of last year, I still would not have prevented anticipated spending.

That is why I maintained a system of contractual control while promising myself to proceed gradually toward the liberation of industrial prices. At the present time

40 percent of industrial prices are already free. I will pursue this endeavor and hope to arrive at a rate of 80 percent by mid-year.

L'USINE NOUVELLE: Are you not bothered by the financial situation of industry?

Delors: The financial situation of industry has always been my first concern. Ever since 1973 France has had to adjust its economy as the result of being confronted with two shocks--the oil shock and the dollar shock. Neither of these affected household incomes but did affect industrial income. That is the fundamental reason for our macroeconomic troubles. But, as I hoped they would, average profits are recovering. Cash flow is improving and domestic production maintained.

Critics of the austerity plan, whether on the right or left, have been wrong, because our genuine progress with respect to trade and inflation was not achieved at the cost of a recession. Incidentally, praise for this accomplishment is due to industry just as much as to our macroeconomic policy. Actually, last year the French economy showed itself responsive to an extent not observed for 3 or 4 years.

L'USINE NOUVELLE: Still, a lot of firms were compelled to file for bankruptcy last year.

Delors: What I am about to say may shock you: I consider this actually to be a healthy sign. In the same period of time 60,000 new firms were established. Of course, bankruptcies touch upon another value system, much cherished in France: The permanent security of establishments.

L'USINE NOUVELLE: What conclusions are you drawing from countries such as the United States, where industry and the economy have very quickly returned to normal operation?

Delors: We must acknowledge the American economy's formidable flexibility. This is not a new phenomenon. Before Ronald Reagan's presidency, the United States had created more than 10 million jobs in 3-4 years. We certainly have something to learn from this latest American upward leap, but the sociocultural circumstances are so different that the same recipes cannot simply be applied in France.

Our choice lies between a mixed economy that works and a mixed economy that does not work. I am tackling precisely this problem. European (including French) economies are placed in a system of coexistence between government intervention, the operation of the market and the role of big business. This model had been the basis of the European miracle in the 1950's and 1960's--it no longer works. Government interference, in France as well as in our neighboring countries, is too great and too confused. It must be rationalized, restrained and clarified. It is imperative to distinguish between the government that is responsible for the overall economic balance, the government as guardian, the government as stockholder and the government as partner.

As far as the market is concerned, we have neither the reflexes nor the structures suitable for it to operate properly--and that antedates 1981. Regarding the role of the major social and professional organizations, this has been challenged here

as in other European countries. We must restore the bases of an appropriate contractual policy. That is precisely the effort France must make if it wishes to return to an open mixed economy.

L'USINE NOUVELLE: Do you think that the cut in compulsory deductions is working in that spirit?

Delors: We could have an endless discussion on the bearable level of compulsory deductions. Let me simply state one fact: The majority of the French consider the current level to be unbearable. In these circumstances they may therefore be discouraged from enterprise, creativity and effort. We must not run such a risk.

It is the intention of the President of the Republic by lowering compulsory deductions to give an unmistakable signal of a more flexible economy. I am therefore totally convinced of the need to limit and subsequently cut these compulsory deductions. At the same time we must find a positive technique for stimulating the inclination to invest, save, innovate and work.

Moreover, this objective sometimes contradicts that of embarking on a major fiscal and parafiscal reform to make taxation more rational. For instance, as a citizen I consider general income tax in the total of fiscal and parafiscal revenues to be inadequate in France by comparison to the FRG or Great Britain. If I may use the expression, we do not pay enough. On the other hand, if we want to bring home to the French the cut in compulsory deductions, income tax must be cut at the point where it begins to be considered a discouragement to hard work and innovation. I cannot more starkly show up the contradiction we need to deal with.

L'USINE NOUVELLE: How will you deal with it?

Delors: My proposals must first go to the Prime Minister and the President of the Republic. The solutions we will suggest will have to have a positive psychological impact and contribute to the recovery of industrial profit margins.

L'USINE NOUVELLE: Does not the debate on the burden of compulsory deductions obscure another problem, that of the distribution of revenues?

Delors: Our work on compulsory deductions will necessarily lead us to launch a pedagogical effort regarding public revenues and spending. It will be necessary to clearly explain the tasks of government and set out the entire problem of social security. These two issues of our society and political economics are at the very foundation of the exercise we are about to carry out.

L'USINE NOUVELLE: Will this exercise cause you, for instance, to envisage the abolition of the professional tax?

Delors: Not a week passes without my holding meetings on that topic. Actually I note that the mail I receive is less critical of the professional tax as such than of its rate of growth. We must seek a solution, either partially--by a definite reduction in the rate of increase of this tax--, or definitively by its complete abolition. This is not an easy matter, especially in the second case, because we

would have to find a replacement to yield the same amount of revenue but correspond better to the needs of the local communities.

L'USINE NOUVELLE: Are you going to cut taxes on higher salaries?

Delors: I cannot go into detail here. However, one of the purposes of the exercise is that of diminishing anything considered psychologically excessive, while giving all the French the feeling that they are sharing equally in the distribution of the general interest charges incumbent on the nation to safeguard its defense, improve living conditions, prepare for the future (investments, research, education, employment). It is not a question of cutting anything of vital importance but of removing from public expenditure whatever is obsolete, useless--in other words secondary.

L'USINE NOUVELLE: You recently mentioned the concept of exempting corporations from contributions to family allowances and replacing them by a tax credit?

Delors: That is one of the problems we are working on now. Our families are used to this monthly payment. For many it is an indispensable element of their lifestyle. Besides, a shrinkage of benefits and contributions resulting in a tax credit is not easy in a country where general taxes produce less revenues than in countries of comparable development. Nevertheless we are working on these lines.

Let us be careful, though: I am not saying that it will all be abolished tomorrow. We will make an effort in favor of industry, but it must be in the bounds of the possible. I have no intention of scattering promises by simultaneously announcing cuts in the professional tax, the diminution of social contributions, tax concessions for reinvested profits, carry-back and who knows what else. To put it plainly, I am working in close tandem with the Minister of Industry and Research on draft legislation to decide the rules of the game for industry until the end of this administration's term of office. If we manage to do that, I believe we will provide some clarity and incentive for the daily life of industry.

L'USINE NOUVELLE: In fact an industrial outlining law?

Delors: An outlining law that might well take its place with the existing satisfactory arrangements and improve others in the realm of the establishment of industries, taxes on investments and other productive expenditures as well as incentives for managers to take an interest in the prosperity of their industry.

L'USINE NOUVELLE: Will you tackle the problem of subsidies to industry within the scope of this proposed law?

Delors: If we were to abolish subsidies and grant an across the board tax cut, we would introduce considerable malfunctions to the economy. Still, I have requested an analysis of all subsidies so that we may see whether some of them could be replaced by simple tax relief. On the other hand, I am quite satisfied with the effects of the January 1983 legislation on the development of investments and the protection of savings. We have obtained quite undisputable results. The bond market is doing very well with a record 190 billion new issues in 1983. The government took up only 27 percent and, above all, last year we placed on the Paris market 4 times more venture capital than the year before.

We also achieved a great success with the utilization of commission and participatory loans: Fr50 billion in 1983 compared with Fr20 billion in 1980. In 2½ years we managed to transfer to industrial corporations a supplementary amount equivalent to 1 percent of the gross national product. This is a silent revolution we must continue to pursue.

Other positive elements are the development of participatory loans, the grown dynamism of the regional development companies, the satisfactory operation of the regional institutes of participation, the establishment of the second market. At various crossroads in the life of an industrial corporation we now have an institution capable of assisting the entrepreneur in pursuing his chosen path. Nor do I wish to stop there. This is why I pushed the adoption of the principle of mutual venture funds; these should be among the main tools to be used in future years. I have also caused to be adopted fiscal arrangements for earned income funds and expect them to do very well.

L'USINE NOUVELLE: Is not the financing of industrial reconstruction going to restrict the resources to be made available to private enterprise?

Delors: How does this problem present itself? We are confronted with three layers: Industries on top of the third industrial revolution; the small firms in the traditional industries, affected by the industrial revolution also as the result of office and factory automation; the major public or private corporations in the sectors of the first and second industrial revolution.

These corporations, whether public or private, must address themselves to quite straightforward questions: What are my assets, what may I hope to produce tomorrow and still be competitive, by what means and where? Not a single sector stands condemned a priori, especially not those in which our country boasts of know how and traditions. In actual fact we need to make an effort at adapting ourselves. It has already begun but really ought to have started in the early 1970's, and even before in some sectors such as chemicals, textiles, aluminum and even iron and steel.

To speed up events, I proposed to the Prime Minister to set up reconversion or adaptation zones where everything would be done to mobilize all energies, turn our backs on despair and inspire courage for facing the future. Incidentally, this could well be a means for experimenting with more flexible corporate and market types.

L'USINE NOUVELLE: Free zones?

Delors: I used this term because it is easy to understand. Still, our aim is not to shift around jobs that would have been created anyway but to stimulate new industries, new jobs. The potential of managers, engineers, skilled workers, university research centers, the capacity for work of all these men and women, amply justify the use of exceptional methods to restore their reason for living.

L'USINE NOUVELLE: But the social problem is so immense that it risks to confront the Left and the government with a particularly tough challenge.

Delors: Once we restore genuine reasons for hope, once life-long education is again perceived as a way to know oneself better, to better understand the world, to recover self-confidence, undertake new tasks, it seems to me that we have surmounted the quintessential difficulty. In regard to everything else, we must make room for a preventive dialogue and negotiation. The dialogue must proceed between the public powers and the industrial corporations, between industries and the workers. The French trade unions are publicly stating that we must adapt, must cut down radically where there is overmanning, but that we must also create jobs. These unionists have a great deal of courage: We must listen to them and remember their various industrial and social proposals. We will then stop to suffer from economic archaism.

At other times it will be necessary to negotiate. Economic decisions must be accompanied by a social plan, usually negotiated between the corporation and the representatives of the employees. These are simple rules, and we must never abandon them. While this does not guarantee us against any risk of conflict, it does help limit it. Let us not be pessimists. There are plenty of people in our country, who are open to dialogue and understand its necessity. Our country certainly has assets but tends to forget them in the course of a kind of superficial political spectacle that has nothing whatever to do with healthy realism.

Of course the salaried employee does not have the same point of view as the head of the corporation. Still, life consists of compromise. Just as no social policy is possible without the economy, it is impossible nowadays to carry on economic modernization without decently settling the social preliminaries, without associating the workers with the recovery of the industries and the economy. That, I believe, is the plain key to success.

11698
CSO: 3519/211

ANALYSIS OF CATALONIA'S ECONOMIC INFRASTRUCTURE

Barcelona AVUI in Catalan 5 Feb 84 p 17

[Article by Francesc Cabana]

[Text] Catalonia Is Not a Rich Country

This is the first economic truth we Catalans will have to learn. And it is a truth I have thought about again, with the consequence of two quite diverse facts: the Brussels meeting of the industrialized European nations and the book "Els fluxos economics de Catalunya amb la resta d'Espanya i la resta del mon," ["The Economic Trends of Catalonia With the Rest of Spain and the Rest of the World"] by Antoni Castells and Martí Parellada.

Catalonia is not a rich country. Perhaps we are wealthy or have seemed wealthy to those peoples who are still poorer than we are. And I am thinking of the Spanish peoples who have been at the source of the immigrations which we have received. For them, to go to Catalonia during times of industrial euphoria assumed an obvious advancement. But we Catalans have fallen sometimes into the pride of believing ourselves what we were told in a somewhat envious tone.

It is certain that Catalonia has a standard of living higher than half of Spain, but it is also certain that Catalonia has a standard of living much lower than the European average.

Catalonia was the only part of the Spanish state that achieved an industrial revolution in the 19th century, similar to that of the rest of Europe. Now I shall not discuss whether it was totally successful or whether its development was complete, but this process created a new character that differentiated it from the rest of Spain and favored demographic growth, which has increased the specific weight of Catalonia as a whole. Foreign investments, which took Catalonia as the jump-off point of its expansion through the Peninsula, favored the idea of this small island of wealth and prosperity.

Industrialization Is Not Equivalent to a High Standard of Living

Industrialization is not equivalent to a high standard of living. Perhaps it was true at other moments--always relatively--but it is not true today, immersed as we are in a full-blown economic industrial crisis. There are European agricultural regions much wealthier than Catalonia, but the wealthiest of all are characterized, precisely, by a high development of their service sector, something which we do not have.

I am not disowning industry, not even of a good section. I was trying to make a distinction between wealth and industrialization. It is true that Catalonia has an important industrial base and it is true that Catalonia is a poor country, if we compare it with Europe. Besides, mirrored in the political reality of Spain, we can say that Catalonia is wealthy. If we measure wealth in more general terms, taking as the basis per capita income, then Catalonia belongs to the second European rank.

The book by Antoni Castells and Martí Parellada on economic trends also raises these issues in making reference to our relations to the rest of Spain and the rest of the world, two quite distinct and often contradictory realities.

It is clear, according to this study's conclusions, that Catalonia's fiscal deficit "appears to be exaggeratedly high in relation to income, if we take into account the surplus of the balance of goods and services." This fiscal deficit has constantly been noted by all the specialists on the subject, whenever it has been studied, and it is especially attributable to the state.

In the year 1975, the state took in from Catalonia 20 percent of its fiscal revenues, and when it was time to reinvest in the form of public expenditures, the Catalan participation represented 10 percent, so that the loss was important. Later studies confirm that this has been sustained since then. In light of these figures, perhaps there is some truth to the complaint that the fiscal "noose" applies in first place to Catalan cities, towns, or centers.

Positive Balance of Capital

Another interesting point in the study is Catalonia's positive balance of capital, especially in relation to the world. Once more I must note the importance of foreign investments in Catalonia during these last years, within a fairly distressing investment framework on the part of the Catalan private sector.

Catalonia is a country without natural resources, which must rely more than ever on the imagination and the work of its people. Let us not forget, moreover, that our regions have a very diverse economic structure. Let the inhabitants of Pallars, of the Garrigues or of El Priorat hear talk of an industrialized region! This is one of the fundamental differences between Catalonia and traditional European regions, like Lombardy in Italy, Southeast

England, or Baden-Wurttemberg in the Federal Republic of Germany. These places have some regular geographic and economic features, while Catalonia is very diverse, and our areas are not comparable among themselves.

Maybe this diversity is the means whereby Catalonia may find the way to solve its problem, since it can be the basis for a balanced economy.

Agriculture will never be the first wealth of Catalonia, because our land does not yield much, but it does have a very fit working class, prepared to work in the line of a production with a high added and selected value.

The industrial base is and will be very important, if one can maintain a certain control over a public sector and a few multinationals that have a very important role in work and which do not have strictly national motivations. Current diversification is a good basis.

Who doubts, for the moment, that tourism is one of the soundest assets we have? It is helping us to overcome these lean years and may be a solid element in recovery, when the wind blows a bit more favorably.

But, above all, I never said that Catalonia was a rich country. Foreigners do not think it is, because they have eyes in their heads and can compare, but the rest of Spain, unfortunately, thinks it is at the time the general government budgets are being made.

12448
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BANKERS REACT TO NEW INTEREST RATE REGULATION

Istanbul MILLIYET in Turkish 16 Feb 84 p 3

[Passages enclosed in slantlines printed in boldface]

[Text] While some bankers whose opinion we sought after the announcement that banks would begin to implement the monthly interest rate reacted favorably on the whole to that regulation some of the administrators commented that nothing had been learnt by what has recently happened.

/Director General of the Economics Bank Faik Basbug/ said that the new regulation on interest rates tended to favor short term accounts and he added:/In other words, in the current economic framework, when there is talk of initiating very urgent measures in the economy within short periods of time, a short term but quite advantageous interest rate system reflects better the situation as it is today."/ /Basbug/ also said that when viewed from this angle, the regulation on the interest rate would protect against inflation the distinctive characteristic of savings accounts of offering alternatives and he spoke to the effect that:/The monthly interest rate regulation is a proper one. It is an anti-inflation measure. From the standpoint of stimulating savings it is an appropriate step. And I believe that this rate will be calculated on the basis of the rate of inflation."/

'Contemporary Regulation'

/Director General of the Guarantee Bank Halit Soydan/, who recalled that the monthly interest rate had been implemented in the second half of 1980 and over the next 2 years, said:/It was implemented at a time when brokers were in demand. There are also many examples of such a regulation in the West and it is a contemporary measure. One can say that it will look attractive to depositors when viewed from the angle of an additional source of income for the owners of small savings accounts. It is said that the net monthly rate will be fixed at 3.6% with a gross ratio of 4%./

Soydan said that the monthly interest rate regulation was good insofar as the number of bank accounts would increase and that this new measure would result in some increase in the banks' deposits accounts. He also said that one of the attractions of the monthly interest rate regulation was that it would be perceived as an additional source of income and he went on as follows:/It is interesting because it will appeal to owners of medium and small accounts. If it

leads to pressures that will discourage consumption and encourage savings, it might counter inflation from the standpoint of demand. And secondly the additional resources that will reflect on the banks and stimulate production might pave the way to another means of fighting inflation."/ Soydan also said that with the implementation of the new regulations, slippage on a large scale could be expected in the existing deposit accounts, particularly in the 3-month fixed term ones and he added that he viewed the measure favorably on the whole.

However, the administrator of a large bank who felt that the monthly interest rate regulation was wrong and who did not wish his name to be disclosed, said: /"In view of the negative developments brought about by such a measure in the past, and especially in view of the bitter experiences the banking market had to endure, as everyone knows and, generally speaking, at a time when bank credits are oriented toward middle or long term deposits, it is best to avoid such regulations which worsen the liquidity of financial establishments."/

The bank official, who recalled that together with the new regulation a 49% interest rate on 3-month fixed deposits and a 5% interest rate on demand deposits had also been set, spoke to the effect that:/"It is evident that there is a great lack of proportion between the 2 terms. And if we follow that kind of logic it would be possible also to make a regulation on a 1 day deposit, in accordance with a 1 month one and on a 1 day deposit according to the number of hours, which is very erroneous thinking."/

/Assistant Director General of the Ottoman Bank Haluk Kansu/ said that the new regulation was important because it would stimulate deposit accounts and he added: /"In the present circumstances the depositor is confronted with the following alternative: either to make a demand deposit and obtain a 5% interest or opt for the nearest choice which is a 3-month fixed term deposit from which he can get a 49% interest rate. There is a big difference between the 2. This situation leaves some of the depositors rather undecided. Those who are caught by the lure of the interest rate, opt for the 49% while those who have urgent needs have to settle for the 5%. The interest rate that will be granted to 1 or 2 month fixed term deposit accounts will ensure a greater flow of deposits in the direction of banks."/

Kansu said he was in favor of the implementation of a gross interest rate of 20% on the one-month fixed term accounts and of a 30% one on the 2-month ones and he added that a satisfactory flow of accounts had resulted for their bank from the regulation that had already come into force, and that with the implementation of the monthly interest rate this flow would further increase. Kansu also said in his declaration that this regulation was meant to ensure that money would flow in the banks' direction in order to balance prices and check inflation.

12278
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FEYZIOGLU ON NEED FOR STEPS TO IMPLEMENT INCENTIVES

Istanbul DUNYA in Trukish 16 Feb 84 p 5

[Article by Ali Z. Feyzioglu, Delegate Member of the Galatasaray Holding,
"Together With Incentives We Expect Measures For Their Implementation"]

[Text] It is a well known fact that since Turkey is a nation surrounded by seas, maritime activities and the shipbuilding industry are sectors of paramount importance.

Development plans took this into consideration and, from the legal standpoint, offered the shipbuilding industry various incentives. Among those incentives we can list customs exemptions, deposit deductions and the refunding of differences in interest rates for middle term credits. Furthermore the initial capital required for the building and maintenance of, repairs and alterations to cargo and passenger ships and various other means of maritime transportation is 5% while credits make up the 95% balance of the investment. When the investment is used to build shipyard and dockyard installations this ratio has been fixed at 10% for the initial capital and 90% for the credits.

Those incentives have been maintained or developed in the Council of Ministers' Resolution on the Implementation, Coordination and Supervision of the 1984 Program.

While the Turkish merchant marine has thus secured a fairly strong system of incentives from the legal standpoint, it is a pity that the measures aimed at reinforcing the merchant fleet have not been successful to the same degree.

First of all, in order to strengthen the merchant fleet the credit system must be expanded.

In order to do this, the funds assigned to maritime credits must be increased, interest rates lowered and maturity terms lengthened. Let us briefly touch on those subjects:

1 - In the first stage, the 1 billion Turkish lira credits allocated to shipbuilding (Gisat) by Resolution No 7/9245, dated 31.12.1974 and published on 15.1.1975 must be increased to 10 billion Turkish liras and at least 2 billion every year must be put to concrete use for the period of the 4th 5-year Plan.

2 - The second needed reinforcement to shipbuilding credits can be achieved through an extension of the maturity periods. International regulations foresee maturity periods of 8 to 15 years for such credits.

In this connection, it would also be advisable to extend those measures to building credits, with at least a 5-year period without payments and a 10-year maturity period.

3 - For maritime credits to be effective, the interest rate load must also be lightened. This load, which is 3 to 5% in other countries, must be brought down to a similar level in our own country. To achieve such a result the interest rates of the maritime credits which are allocated from a special fund must be kept low.

4 - On the other hand, while the Council of Ministers determines the ratio of initial capital versus credit for investments, the Central Bank's limitations on rediscount credit amounts force investors to seek additional resources and this works against the payment of credits.

5 - The true success of shipbuilding credits depends on a speedy completion of the construction. And speed in shipbuilding particularly depends on securing and supplying foreign materials on time. Therefore, procedures for importing materials needed in shipbuilding must be simplified and transfer priorities must be granted.

Essentially, since the new import regime was elaborated by people who grasped the importance of the question, the proper solutions have been put forward but it was not made clear whether exceptions would be made in the case of investments with incentives in relation to the subject in general. So it is necessary to also shed light as soon as possible on those obscure points.

6 - A very important factor that will facilitate maritime credit operations is that of guarantees. In their worldwide implementation such credits are granted as a matter of principle, against a mortgage on the ship.

In our country too accepting as a guarantee mortgages on the ships that are being built or purchased will considerably stimulate the building of ships or their purchase.

7 - Finally, the Central Bank or the bank that has given credit to a firm which benefits from a long term, low interest one, with import and transfer priorities, should make certain that this credit is used entirely for the purpose.

And if those institutions also cover additional costs arising from differences in prices and similar "forces majeures," in accordance with the initial capital versus credit ratio, this would make it possible to achieve effective results.

As can be readily understood from the foregoing explanations, if the same success was not achieved in the implementation as in the legislation, this was because procedures, problems which arise in practice, raise the cost of shipbuilding in our country and seriously impair our competitiveness on the world market.

Together with the domestic market, developing a shipbuilding industry oriented toward the world market can be done by eliminating the above mentioned procedures and through resolutions that will offer new incentives.

Authorities appear to be unaware of the fact that if they create a favorable climate for a tolerable number of orders the shipbuilding enterprises which are an undisputed element of the economy would expand.

Thus shipyards which will be in a position to carry out their production programs, will acquire all kinds of equipment and introduce new production techniques to our country and, consequently, new technologies, thereby improving prospects of making sales abroad.

By reforming also the legislation related to the purchase of ships and ensuring counter guarantee funds, a technology open to the possibilities of foreign competition can become an established fact in our country.

Opening up imports will enable ships to benefit from production line techniques and shorten their time on the ways, which will make it possible for shipbuilding orders from other countries to benefit from Turkey's potential for cheap labor.

Initiating planned and programmed work in the above mentioned fields of activity, which will be stimulated by the support of the state, will give rise to the opportunity of creating a well trained technical staff in the shipyards.

And thus, our shipyards will make great strides from the standpoint of experience and techniques and, having also effectively lowered the cost factor, will reach the point where they can open up to the outside and accept orders in foreign currency.

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KETENCI ON NEED FOR WAGES IN STEP WITH INFLATION

Istanbul CUMHURIYET in Turkish 16 Feb 84 p 9

[Article by Sukran Ketenci in The Column "From the Worker's World": "The SAC, Inflation and Wages"]

[Text] Regardless of misgivings that a wage increase fixed in advance by the YHK [Supreme Arbitrary Council] will give rise to adverse pressures on the autonomy of collective agreements, that this might lead to abuses of lawful authority which will affect the system of collective bargaining, an increase of labor wages is scheduled on the agenda for 1984, to be determined by the YHK.

The same debates that prompt one to say: "We have already seen this film before," have started again. The government representatives of the YHK sat at the table with the theory that the rate of inflation for 1984 cannot rise above 25%. Employers' representatives are not expected to come up with a proposal, even if we fight "tooth and nail," which will exceed such estimations by far. At best, as an upshot of Premier Ozal's campaign strategies with an eye on the upcoming elections, something a little different might be said, like: "Inflation will rise to 25% but we have kept labor wages a little above inflation. That is why the wage increase we give is 30%."

It would not be a prophecy to say that ultimately, as in the films we have seen before, as happened in 1981, 1982, 1983, it will be seen by the end of the year that with the wage hikes given by the YHK, the workers' real wages will have sustained important losses.

It can be said that a political power which appears determined that inflation will not rise above 25%, if only to be convincing about that determination, cannot even consider the possibility that inflation might rise higher. This being the case, even if January statistics of price increases show that inflation this year has risen far above 25%, this will be a fact the Ozal government will find difficult to accept.

If Ozal's government does not intend to keep workers' wages below inflation, if the words: "Wages will not be kept below inflation, in fact they will be raised above [inflation]," are sincere, and even if its theories on inflation prove to be correct, even though they do not appear to be very realistic, it is still possible to find a solution. If one insists on the projection that inflation will be 25%, even according to such a projection a concrete measure which should prevent labor wages from staying below inflation but which has always been overlooked somehow should be put on the agenda. The labor wage losses which emerged

which emerged in the past years must be eliminated. How is it possible to speak of labor wages being kept above inflation until the necessity to eliminate such losses in the real wages of the workers, that reached 50% during the last 5 years, is put on the agenda even if projections on inflation are accurate? We gave up on the losses of the past 5 years, on restoring to labor wages the buying power they had in 1979. (For, in order to achieve this, an additional wage hike of the order of 50%, over and above the projected rate of inflation would be necessary. To expect such a thing from today's political authorities would be akin to dreaming.) But is it not proper, imperative, to calculate and include the real losses in wages incurred since the last period of collective agreements (2 years) or even those of 1 year only? It is not enough to speak at the collective bargaining table to the best of one's knowledge about improving labor wages and, when calculations are made, before one can even talk about improving wages, the losses of the previous period should be added to the projections on price hikes for the period to come and put on the agenda. Which means that for the honorable Ozal to keep his word and for labor wages to truly keep in step with inflation, putting aside any considerations about the credibility of projections regarding a 25% rate of inflation, the basic wage must be determined on the basis of a figure derived from 25% plus the total losses of the preceding 2-year period.

While we are on the subject, let us stress another fact which should reassure the government of the honorable Ozal: if the trade unions which speak for 500,000 workers can obtain the right to deal on the basis of collective bargaining, the wage increases of barely 1 million workers will not fan inflation. Just as the wage increases implemented in the past 3 years, which were far below inflation, did not pull inflation down.

There is no doubt one cannot ignore the economists who establish a connection between wages and inflation. But in order to establish a direct connection between wages and inflation in a nation, a large majority of the labor force, as is the case in the U.S.A. and England where such a connection has been established, of the workers in relation to the total active population should rise from 75% to 90%. In a country like ours where the salaried, including civil servants, represent 15% of the active population while only 1/3 of that 15% is able to benefit from the right of collective bargaining, no direct link can be established between inflation and wage hikes. Particularly if the share of labor wages in costs is ridiculously low in comparison to that of nations which can establish a connection between inflation and wages.

Yes, esteemed Ozal, we respect your determination not to let inflation rise above 25%. But please keep your promise that labor wages will keep step with inflation. And for this to happen, it is necessary to add a little over the rate of inflation which you say will be 25%, the real losses labor wages incurred at least in the past 2 years of the previous period. And when you make sure that the YHK will act accordingly, on the basis of your projection of a 25% rate of inflation, it is necessary for the YHK, if workers' wages are not to fall below inflation, to fix a basic wage increase which, at the very least, will match the Turk-Is proposal which at present is claimed to be too high.

OZAL GOVERNMENT PRESENTS NEW WAGE POLICY

Istanbul CUMHURIYET in Turkish 16 Feb 84 pp 1,11

[Passages enclosed in slantlines printed in boldface]

[Text] Ankara (CUMHURIYET Bureau) - Premier Ozal disclosed that they proposed to increase labor wages by at least 25%. Ozal claimed that the Turk-Is proposal of a 43% increase for everyone indiscriminately would be to the detriment of the workers and said that he was in favor, aside from the 25% increase, of variable wage increases which would be determined according to what the workers were paid and to their workplace. Ozal also disclosed that the moment a 25% raise was granted on labor wages the net increase would be 40%.

In its answer Turk-Is informed the Premier that:/"The 43% proposal for an increase was not based on a projection."/

Before the meeting of the Motherland Party Central Executive and Administrative Committee, Premier Turgut Ozal answered journalists' questions. Ozal gave the following reply regarding the rate of increase of labor wages and Turk-is President /Sevket Yilmaz/'s request to meet with him:

/"Sevket Yilmaz did not ask me for an appointment; we only made the following recommendation to the Supreme Arbitration Council: do not set any percentage rate for the increases, take the rate of inflation of the year ahead as the basis of the rate of increase. That is, let this be the minimum increase, without taking into account tax deductions and deductible expenses. Let us always turn those in favor of the worker. After taking inflation as our basis, according to conditions in the workplace, after comparing the wages a worker receives with those paid elsewhere and according to the worker's personal situation, let variable increases be set for each different place. This will be at the same time a step in the direction of collective bargaining. A high increase should be given to those who are inadequately paid, at the same time that the wages of the highly paid must be balanced. The capacity of the workplace to give raises must also be investigated. Workplaces that have the capacity to give higher raises should do so."/

Premier Ozal pointed out that the Turk-Is request for a 43% hike would create inequalities among the workers. Ozal, who said that the YHK [Supreme Arbitration Council] would take up the Turk-Is proposal, added:/"In many workplaces there are workers who receive very low wages. There are also some who receive

high wages. Giving to everyone the same rate of increase would create an imbalance."/ To a journalist's question as to what their views were as a government regarding the rate of increase, Ozal answered in the following manner:

"The net earnings a worker gets in hand result from a 25% rate of inflation, such as we have this year, a 7% tax deduction and from 7 to 8% deductible expenses. We have thus a net increase of 40%. The calculation is the following. We said the foregoing were not taken into account but the real situation is like this: namely, the moment a 25% wage increase is granted, the net increase of labor wages will be 40%. We said that 25% was the minimum increase on labor wages. On top of that adjustments will be made according to the worker's situation. We also keep in mind those who are overpaid. Higher raises can be given to those who earn too little. In this way a balance is achieved which makes it possible to go on to collective bargaining next year. An indiscriminate 43% increase for all is not to the workers' advantage."/

Turk Is Reply

Saglik-Is Trade Union President and labor representative in the YHK /Mustafa Basoglu/ answered as follows Premier /Turgut Ozal/'s view that; /"The Turk-Is request for a 43% increase would be detrimental and lead to inequalities"/: /"We did not reach the figure of 43% through a projection. Ozal himself said that the cost of living was over 45%."/ According to an ANKA [Ankara News Agency] news item, Basoglu answered a question from journalists on this question as follows:

/"We started from the figure the Premier disclosed in order to elaborate our proposal. Our aim is to raise the workers' standard of living above the rate of inflation we are experiencing."/

YHK Meeting

At the same time, in the course of the YHK meeting yesterday, the representative of private sector employers TISK [Turkish Confederation of Employers Unions] Legal Adviser /Kubilay Atasayar/ disclosed his own views on wage hikes. As has been learned, while Atasayar did not suggest a concrete figure during the meeting, he supported the government representative's proposal of an increase matching the rate of inflation. As is known the YHK government representative offered a 25% wage hike.

After the meeting which lasted 3 1/2 hours, Kubilay Atasayar said:/"Obviously, it is not possible to give more than the entire economy will generate."/ In reply to the question:/"Is there a big difference between the Turk-Is proposal of 43% and your own proposal?"/ Atasayar said:/"There is a sizable difference."/

Meanwhile, one of the Turk-Is representatives /Mustafa Basoglu/ noted that a little progress had been made by the fact that the talks had ended, adding: /"Naturally, this should not be viewed as a step toward an acceptance of the Turk-Is proposal."/

ENERGY

GREECE

THERMAIKOS, STRYMONIKOS GULF OIL DRILLING

Athens TA NEA in Greek 2 Feb 84 p 5

[Article by Pavlos Alisanoglou: "Drilling Begins in the Thermaic and Strymonic Gulfs"]

[Text] The Greek state will have a 20-percent share in the consortium of four multinational oil companies that are exploiting the layers of Prino and Marion Thasos. The joint venture will be made definite at the beginning of spring, when the negotiations will end for the revision of the hitherto valid agreement between the state and the Northern Aegean Oil Company, which had been signed by the "New Democracy" government.

Today the Greek share in the Prino layer increases to 65 percent and that of the consortium to 24 percent.

As is known, the geophysical exploration in the Thermaic and Strymonic Gulfs has been completed on behalf of the Public Petroleum Corporation [DEP].

The data from the exploration, which have been collected and are interesting, have been studied by DEP's technical services in order to determine the prospects of finding oil in the above two bodies of water where the drilling will begin for the pinpointing of layers. The exploration will be done exclusively by DEP scientists. DEP is also organizing a program of oil exploration in the sea off Crete, in the western Peloponnese and in Epirus (on land), while still more drilling will take place in the basin of Grestias.

Also under way is the first deep drilling done in Paxoi by Greek scientists. The drill has already gone deeper than 6,300 meters, while the final target is 6,500 to 7,000 meters. This drilling is considered to be of great importance in gauging Greece's petroleum potential, regardless of whether or not a layer of hydrocarbons is discovered. Exploration has so far yielded quantities of natural gas.

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